

**JPRS 76816**

**14 November 1980**

# **East Europe Report**

**ECONOMIC AND INDUSTRIAL AFFAIRS**

**No. 2062**



**FOREIGN BROADCAST INFORMATION SERVICE**

#### NOTE

JPRS publications contain information primarily from foreign newspapers, periodicals and books, but also from news agency transmissions and broadcasts. Materials from foreign-language sources are translated; those from English-language sources are transcribed or reprinted, with the original phrasing and other characteristics retained.

Headlines, editorial reports, and material enclosed in brackets [] are supplied by JPRS. Processing indicators such as [Text] or [Excerpt] in the first line of each item, or following the last line of a brief, indicate how the original information was processed. Where no processing indicator is given, the information was summarized or extracted.

Unfamiliar names rendered phonetically or transliterated are enclosed in parentheses. Words or names preceded by a question mark and enclosed in parentheses were not clear in the original but have been supplied as appropriate in context. Other unattributed parenthetical notes within the body of an item originate with the source. Times within items are as given by source.

The contents of this publication in no way represent the policies, views or attitudes of the U.S. Government.

#### PROCUREMENT OF PUBLICATIONS

JPRS publications may be ordered from the National Technical Information Service, Springfield, Virginia 22161. In ordering, it is recommended that the JPRS number, title, date and author, if applicable, of publication be cited.

Current JPRS publications are announced in Government Reports Announcements issued semi-monthly by the National Technical Information Service, and are listed in the Monthly Catalog of U.S. Government Publications issued by the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

Indexes to this report (by keyword, author, personal names, title and series) are available from Bell & Howell, Old Mansfield Road, Wooster, Ohio 44691.

Correspondence pertaining to matters other than procurement may be addressed to Joint Publications Research Service, 1000 North Glebe Road, Arlington, Virginia 22201.

14 November 1980

EAST EUROPE REPORT  
ECONOMIC AND INDUSTRIAL AFFAIRS

No. 2062

## CONTENTS

## INTERNATIONAL AFFAIRS

- Hungarian-Soviet Petrochemical Cooperation Reviewed  
(Katalin Bossanyi; NEPSZABADSAG, 14 Sep 80) ..... 1

## BULGARIA

- Construction of Fifth Reactor at Atomic Power Station  
(Iliya Borisov; RUDNICHAR, 2 Oct 80) ..... 5
- Cult for Foreign-Made Consumer Goods Decried  
(Nikifor Kurdov; ANTENI, 8 Oct 80) ..... 6
- Slow Progress in Discovering Nonferrous Metals Sources  
(M. Tsvetkov; RUDNICHAR, 2 Oct 80) ..... 9
- Complaints on Mining Equipment Shortage Voiced  
(Editorial; RUDNICHAR, 2 Oct 80) ..... 11

## CZECHOSLOVAKIA

- Importance of Return on Investment Under Set of Measures Stressed  
(Josef Fogl, Arnost Culik; HOSPODARSKE NOVINY,  
3 Oct 80) ..... 12
- Need for Enforcing Quality Indicators Stressed  
(Ladislav Benes; SVET HOSPODARSTVI, 23 Sep 80) ..... 17

## GERMAN DEMOCRATIC REPUBLIC

- Crop, Weather Report Published for August 1980  
(D. Krumbiegel; FELDWIRTSCHAFT, Oct 80) ..... 20

## HUNGARY

Party Secretary Interviewed on Role of Quadrangles (Gyergy Kovacs Interview; NEPSZABADSAG, 19 Sep 80) .....	23
Consciousness, Automation in Economic Management Discussed (Adam Juhasz; TARSADALMI SZEMLE, Oct 80) .....	27
Official Notes Conditions in Machine Industry (Bela Rabi Interview; NAGYAR HIRLAP, 5 Oct 80) .....	38
Role of Associations in Agriculture Weighed (Ferenc Biro; NEPSZABADSAG, 12 Sep 80) .....	42

## POLAND

Strikes Force Cuts in Coal Deliveries to Finland (HUFVUDSBLADET, 24 Oct 80) .....	46
--	----

## ROMANIA

Importance of Profitability in Economic Sphere (Gheorghe Sica; ERA SOCIALISTA, 5 Oct 80) .....	47
Growth of Standard of Living Traced Over 30-Year Period (Dumitru Ciucur, Constantin Popescu; REVISTA ECONOMICA, 26 Sep, 3 Oct 80) .....	53
Worker Self-Management in Action in Mediaș (Teodor Moldovan; ERA SOCIALISTA, 5 Oct 80) .....	64
Factors To Be Considered in Preparing 1981 Budget (Gheorghe Boulescu; REVISTA ECONOMICA, 26 Sep 80) .....	71
Economic Cooperation Efforts With African Countries (Marcel Moldoveanu; REVISTA ECONOMICA, 26 Sep 80) .....	76
Measures To Improve Land Use, Territorial Development (Ion Bold; REVISTA ECONOMICA, 26 Sep 80) .....	82
Profitability of Agricultural Stations in Poorer Areas (Mihai Bogorodita; REVISTA ECONOMICA, 5 Sep 80) .....	94
Director Discusses Development of Tractor Export Market (Vasile Sechel Interview; REVISTA ECONOMICA, 5 Sep 80) .....	99
<b>Briefs</b>	
First Xerox Machine	103
First Ro-Ro Installation	103



YUGOSLAVIA

Allocation of Foreign Exchange for 1980 (SLUZHBI LIST SFRJ, 3 Oct 80) .....	104
Port of Koper Development Plans to 1985 (Vladimir Kobar; TRANSPORT, Aug-Sep 80).....	123

## HUNGARIAN-SOVIET PETROCHEMICAL COOPERATION REVIEWED

Budapest NEPSZABADSAG in Hungarian 14 Sep 80 p 9

[Article by Katalin Bossanyi: "Petrochemical Twins"]

[Text] Ten years ago, on 15 September 1970, the Hungarian-Soviet olefin agreement was signed. Under this agreement, Hungary built a plant producing 250,000 tons of ethylene annually, of which 80,000 tons of propylene and 80,000 tons of primary materials for making synthetic rubber were shipped to the Soviet Union every year in exchange for various products manufactured by their plastics and organic-chemical industries. Parallel with the development in this country, a PVC plant having an annual capacity of 250,000 tons was set up in the Soviet Union in Kalush. What increased the novelty of the cooperation in development was that the Tisza Chemical Combine in Leninvaros and the large works in the Carpathian Ukraine were joined by a 330-kilometer pipeline. Thus a highly promising stage in the economic cooperation among the countries of CEMA has been reached. The direct technical connection makes possible the coordinated operation of the two plants. When the anniversary was celebrated in Leninvaros and in Kalush, the Hungarian and Soviet managers and workers who had done outstanding work in arranging in the agreement and in carrying out the improvements were honored.

The ethylene plant of the Tisza Chemical Combine was finished in record time, less than 3 years, and Hungarian technicians were able to start the first ethylene through the pipeline on 3 February 1975. Much anxiety and many problems, and even more interest, attended the development. In the memories of those at Leninvaros most of the stories are associated with putting the "umbilical cord" for delivering ethylene into operation. Imre Csorvasi and Eng Zsuzsa Kocsi describe how the 130 kilometers of the Hungarian section of the pipeline cross under the Tisza at two points as well as under several other small rivers. It once happened that all the cross-country vehicles stalled, one after another, in the swampy terrain. And if our comparatively easy conditions tested the knowledge of the builders and technicians, then what did the Soviet technicians have to contend with, since their 200-kilometer section of the pipeline led through the much rougher forested and hilly regions of the Carpathians. Later, what gave rise to the greatest number of anecdotes about putting the plant into operation was the "pig," that clever device for cleaning the pipeline. One time the pig left Leninvaros propelled by nitrogen gas; they waited and waited for it at the Vasarosnameny sectionalizing station, but it did not come because the pressure was too low. Another time they could not catch the speeding pig even with an automobile.

Just now both the Tisza Chemical Combine and the Kalush plant are shut down, in fact the Borsodi Chemical Combine is also idle because of a coordinated, week-long general overhaul. The PVC operation there likewise receives its ethylene from Leninvaros via the pipeline. More than 300 preventative maintenance specialists are now working at the plant along with olefin specialists.

"The maintenance men play a major role in insuring that the plant is regularly able to produce more ethylene than its nominal capacity," says Gyula Varga, head of the pyrolysis department. "We have also come up with some minor technical innovations, some new organizational solutions that the FRC firm supplying the technology has adopted with expressions of appreciation. The maintenance men are very sensitive about not having many "reserves" discovered in the manufacturing process.

In the brain of the ethylene plant, the dispatching center, they are conducting measurement tests. Tivadar Gal, the engineer in charge of production, steps over to the main control console, pushes a button, and immediately the voice of the Soviet colleague in Kalus is heard. They check the technical data, then exchange a few sentences about the weather and their families.

"So you know each other?"

"At both places there are four of us alternating every day, so by this time we can tell by the sound of the voice who is working. I've thought that we should exchange photos."

While we were talking, Albert Szoke, engineer in charge of the operation, came in. He was one of those Hungarian workers who had received the Soviet award for Outstanding Worker in the Chemical Industry at the anniversary celebration. He tells about difficult moments during his training and about how much responsibility and disciplined work is required to work in such a plant. He made no secret of still being impressed, after 6 years, by the technological miracle accomplished here.

"The workers at the olefin operation have a right to talk in superlatives," says Tibor Szenasi, deputy managing director. "This operation is 10 times as productive as the other Tisza Chemical Combine plants. Seventy million dollars' worth of exports were planned for the past 5 years, but the books this year already show 175 million. Besides good foreign trade work, this also contributed to making it possible to organize the delivery of ethylene among Kalush, the Borsodi Chemical Combine and our own polyethylene plant, and to our being able to produce uninterruptedly, even without having our own storage tanks. So far we have not had to "torch," that is, burn up, a single ton of ethylene."

The successful investment of the olefin plant has also served as a stimulus to the other Tisza Chemical Combine plants as well; in the last few years the polyethylene production plant has been expanded, and in 1978 a new 40,000-ton capacity polypropylene plant was built. Even so, the greatest jump occurred in plastics where production doubled in 5 years. Plant manager Janos Kucsma pointed out all the things that are manufactured from olefins here. For instance, 15,000 tons of agricultural plastic sheeting, 40 million padded bags, 20 million self-sealing, block-bottom bags are made every year for packing chemical-industry and food-industry products. But this is only a fraction of what could be manufactured from polyethylene. Polypropylene, considered by experts to be the plastic of the

future, can be used for toys, machine parts, furniture frames, tubing, and fibers. These developments give rise to making it possible to substitute for a significant amount of imports from capitalist countries, while modern packaging materials will contribute to making our food products more competitive on world markets. This development is far from being over: this fall the first machines are arriving that will be used to manufacture a new family of products, polypropylene sheeting stretched in two directions. This specially designed material will replace expensive cellophane and will also be suitable for packaging the most varied kinds of foods.

Dynamic domestic developments, however, are only one aspect of the agreement. A. E. Kondratenko, the managing director of the Chlorvinyl Production Cooperative in Kalush, says:

"We completed our investment in our PVC plant at the same time as the Hungarian expansion. I will not gloss over the many problems we had at first that were due to this being the first example of this kind of technical and organizational cooperative arrangement. I feel that we were able to overcome the resulting tensions rapidly."

"How profitable is the investment?"

"Year after year we overfulfill the plan. But quantity by itself would not mean much. Previously the return on the production at Kalush was only symbolic, but this year we are already counting on 30 million rubles' worth and we are also exporting more and more to socialist and capitalist countries. And let me boast a bit about one thing: for the first time in the Soviet Union our product has received the mark of quality."

The olefin agreement guarantees advantages for both countries. The deputy minister of the Soviet Ministry of the Chemical Industry summed up their experience as follows:

"I consider it to be one of the great successes of this specialization and product-exchange arrangement that it made it unnecessary to build duplicate capacities, and that we were able to resolve problems more rapidly and more economically. This was why the two governments extended the agreement to the end of the century this past spring."

Istvan Zsengeller, deputy minister of heavy industry, added:

"Without the olefin agreement, we would also not have been able to start on the rational and economic expansion of the Hungarian petrochemical industry. The great expansion of the Tisza Chemical Combine and the Borsodi Chemical Combine laid the basis for this; recent investments in some of our larger enterprises, for instance the Hungarian Viscose Production and the Danube Coal-Oil Industry Enterprise, were involved in this through product exchanges and developments. Five CEMA agreements now back up the petrochemical program. In fact, after 1986 the various products delivered from the Soviet Union are also to be added to the agrochemical agreement."

Andor Huszar, general manager of the Tisza Chemical Combine, summed up the tasks arising from the extension of the olefin agreement:

"According to the plans, an ethylene plant of the same capacity as ours is to be built in Kalush by 1986. At that time, deliveries will start going the other way: we shall be receiving 60,000 tons of ethylene a year through the "umbilical cord." In exchange, we shall deliver 25,000 tons of fiber-quality polypropylene. This means that we will have to expand our production of polypropylene in step with Soviet increases. We have already announced that we are accepting bids for this. Ethylene is to be sure a good export item as is, but in processed form we can command an even better price for it on the world market."

In conclusion, it is interesting to note that the results of the first 10 years of the olefin agreement testify that we must seek additional, more modern forms of technological and commercial collaboration with the CEMA countries.

8805

CSO: 2500



BULGARIA

CONSTRUCTION OF FIFTH REACTOR AT ATOMIC POWER STATION

Sofia RUDNICHAR in Bulgarian 2 Oct 80 p 2

[Article by Iliya Borisov: "Fifth Atomic Reactor under Construction"]

[Text] Not many years will pass before a veritable constellation of atomic reactors will shoot up on the banks of the Danube near Kozloduy. Before the end of the year the third 440-megawatt reactor is to come into operation, and in 1981 the fourth. In addition to these, the fifth unit of the qualitatively new "1000 percenter" reactor, which will have a capacity of 1000 megawatts, has been under construction for several months.

Ground was first broken only a few months ago for a great start on the third major expansion and now the Construction Mechanization team in Pleven is excavating the foundations of future production buildings. It will not be long until the individual rooms and centers where the new reactor will be set up begins to rise above the loessial cement.

6474

CSO: 2200

## CULT FOR FOREIGN-MADE CONSUMER GOODS DECRIED

Sofia ANTENI in Bulgarian 8 Oct 80 p 5

[Article by Nikifor Kurlov: "Second-Hand Tales--Who Can Pass Judgment on Alice?"]

[Text] What are our second-hand stores? A place for huckstering? A Vanity Fair? A branch of "Korekom" with Bulgarian currency? Or centers for speculation? Everything that is sold here is imported and, above all, expensive. The high, and sometimes even fantastic, prices are a basic feature of these stores. You ask: Who does the buying then? And what do they count on in order to market their merchandise? On Alice and her friends? Or above all on the snobbish folly of people ready at any price to possess anything foreign. How else would we explain a reasonable person giving 35 leva for steel-rimmed (albeit stylish) glasses, or paying 240 leva for ski pants, or 24 leva for a cream which, no matter in what currency or at what rate of exchange you calculate it, is worth no more than 6 leva. And similar examples can be cited for almost all the merchandise. Here is one more question: Who permits such a price anomaly?

I pass on in summary form several conversations with the employees in the second-hand stores: "The prices are determined by our clients. They offer us something and we usually agree to whatever they ask. Most of them are well informed about how much a thing is worth. Everybody knows that a pair of dunki [broad-seated, tight-legged Turkish-type trousers], for example, fetch as much as 85 leva. We realize that everything we sell is very expensive, but what can you do? We have norms to make, too. And there are purchasers. . . . What is most important for us is fulfillment of the plan because that determines our wages, too."

Once more plans appear on the scene. But more about them later. For now let us cast a glance at the "principal working capital" of the second-hand stores.

From observations, conversations and inquiries I have found out the following. Such a store would hardly last long and its employees would hardly get good wages if it did not sell cosmetics, dunki, certain kinds of

cassette recorders and leather jackets from the "Orient." A few kinds of merchandise are the basis of the entire business. And mind you, every last item is imported from abroad or bought from "Korekom." Where does it come from and, in particular, in quantities to maintain the stores' turnover? There aren't that many Bulgarian citizens (and only Bulgarian citizens have the right to sell to these stores) returning from abroad wearing dunki for sale, are there? Nor are there that many people dissatisfied with their new cassette recorder and in a hurry to get rid of it?

Every citizen who sells through the agency of the second-hand stores must sign a declaration stating, among other things, "I, the pledger of merchandise, declare that the same is imported." Regarding this, the woman in charge of the store and the saleswoman explained to me the provisions of clause 38 and subsequent clauses of the "Regulations governing the Import and Export of Articles by Physical Persons Crossing the Border," namely, that imported items for personal use cannot be sold, bought, exchanged, given or accepted as a pledge or gift, and cannot be offered for sale to second-hand stores before the expiration of a 5-year period (3 years under the new regulations--Editor's Note) from the date of their import.

". . . I have carefully read this declaration and declare by my signature that I will answer to the judicial authorities for false data if I have deceived the salespersons and the second-hand shop."

But the declaration is of a formal character, so it seems, and is no dependable barrier to speculation. Stoil Gaydarski, MVR [Ministry of Internal Affairs] operative, told me, "Last year we found that certain individual citizens each sold articles worth several thousand leva through the second-hand stores. One person with the help of members of his family realized nearly 30,000 leva during the year! Bogomil L. on 6 October 1979 pledged merchandise worth 460 leva, and on 18 December merchandise worth 710 leva. Lidiya K. in July 1980 sold items worth 830 leva, and in December items worth 895 leva. I have many more such examples. Something else. In front of the second-hand store on Georgi Kirov Street a black market has been set up. . ."

Most likely many people are wondering how it is possible on the very same day for the very same person to pledge merchandise worth hundreds of leva. I must say that not only is it possible, it is also quite realistic, even somewhat commonplace. The employees of the second-hand shops most frequently shut their eyes to such violations. Why? Because these violations, large and small, bring in the store's principal income. A specified percentage turnover determines wages! And not just of salespeople. There are, besides, administrators and directors; there are bonuses. Who, then, is going to fight against violations?

"We are on our feet all day for these wages; we have to deal with all sorts of patrons--some fussy, others insolent; yet others try to snatch something

and disappear. But afterwards we pay up. To say it all, we have to keep watch on who sells what and why. Everybody signs a declaration; let them do the watching out. . . ." This is how the employees figure it. Is it very likely the management of the enterprise figures it differently?

Last year the plan for the 5 second-hand shops in the capital amounted to 140,000 leva. To collect this percentage, the 5 shops had to sell merchandise worth 1.5 million leva. It doesn't take all that much imagination to figure out how 5 crowded and dreary stores, packed with huckster merchandise, will realize a turnover of a million and a half. It is clear why the store employees shut their eyes. And it's not just them! Is the management of Comprehensive Services PU [Political Administration], perhaps, of a different opinion?

I can hardly recall when I first heard the words "foreign country," when I first saw a foreigner, or when I first held a foreign object in my hands. It must have been long ago. But one thing I do recall--there was in these words something remote, mysterious, inviting and alien. Years have passed. We have all got used to foreign countries and foreigners. The only thing we have not been able to get used to is their goods! We have begun to copy them, make adjustments in them and adapt them to our conditions. "French" furniture and "Swedish" kitchens have appeared. We have produced whisky and gin. Plus brandy has disappeared. New shoe models with the label, "Imported soles," have appeared in the market. You buy new Bulgarian-made trousers and on them is a tag, "Super Sport," or something similar. I see that the buttons on my jacket are "Super Reif" [German: "ripe," "ready," "bangle" etc.], "Mustang."

With the passage of time many people have elevated things foreign into a cult. Everything imported began to be identified as high-quality, beautiful and fashionable. For some people, things foreign were transformed into style. And style was transformed into a trade-mark. In certain circles the brand of rice, the brand of tennis racket, the brand of whisky, the trade-mark of the blouse, the make of the car have become a measure of social position, prestige, recognition and authority.

Who then can pass judgment on Alice? "Wonderland" is not for her alone. . .

6474

CSO: 2200

## SLOW PROGRESS IN DISCOVERING NONFERROUS METALS SOURCES

Sofia RUDNICHAR in Bulgarian 2 Oct 80 p 2

[Article by Engineer M. Tavetkov: "Concern over Raw Materials Sources of G. Dimitrov Mining and Metallurgical Combine--Scientific and Practical-Applications Conference on Geological Prospects of the Vratsa-Iskur Ore Region"]

[Text] From 24 to 26 September a scientific and practical-applications conference, dedicated to the 1300th anniversary of the Bulgarian state and to the centenary of the Bulgarian Geological Service, was held in Vratsa at the Palace of Technology on "The Prospects and Trends in Geological Exploration Work in the Vratsa-Iskur Ore Region."

Participants in the proceedings of the conference were geologists, geophysicists, scientists and other specialists from the Ministry of Mineral Resources, the Geology Committee and units thereof, the governing body of the NTS [Scientific and Technical Union] and the Rare Metals State Economic Trust, as well as from scientific research institutes and from combines for the extraction and processing of nonferrous metals.

The papers that were presented reported great progress by geological explorers and their contribution to the implementation of the BCP's strategic policy of building our own raw materials base for the production of ferrous, nonferrous and precious metals.

Knowledge of the geological structure of the earth's interior in our country as well as the patterns in the distribution of our mineral and fossil resources give reason to believe that there are many more possibilities of proving new reserves and discovering new deposits and new promising areas. Although the Vratsa-Iskur ore region has been highly studied, the conference noted that all the possibilities of proving new reserves of copper and lead-and-zinc ores have not been exhausted. The fact that there is a great amount of information on the stratigraphy, lithology, structure, mineral composition and distribution patterns of the minerals in this region, the improvement in the knowledge about geological exploration, geochemistry and geophysics and the great experience accumulated by



the specialists of the scientific research links and economic organizations make possible a more detailed and thoroughgoing examination of this promising region.

The small increase of payable reserves in the deposits that are being worked and G. Dimitrov Mining and Metallurgical Combine's productivity, which keeps growing every year, are objective factors which foreordain the rapid exhaustion of minerals. All this makes imperative the speedy and energetic intervention of the specialists from the key organizations in order to assure the necessary raw materials.

All the representatives participated actively in the discussions and a good creative atmosphere was created for the exchange of experience and opinions among the specialists.

In view of the prospects and trends of the geological explorations in the region, the participants in the scientific and practical-applications conference adopted concrete resolutions regarding an expansion of the package of geological, geophysical, geochemical and geochronological investigations, an analysis of the mineralogical investigations, and the preparation of comprehensive procedure for a detailed search for "hidden" orebodies so that practical results in increasing the raw materials base of nonferrous metals of the Georgi Dimitrov Mining and Metallurgical Combine will be achieved in the very first years of the Eighth Five-Year Plan.

6474

CSO: 2200

## COMPLAINTS ON MINING EQUIPMENT SHORTAGE VOICED

Sofia RUDNICHAR in Bulgarian 2 Oct 80 p 2

[Editorial: "More on the Problem of Whether Miners Will Have Hammer Drills"]

[Text] In issue No. 28 of RUDNICHAR [Miner], dated 10 July 1980, we published an editorial "More on the Problem of Whether Miners Will Have Hammer Drills."

In this connection the editors have received a letter from Dimitur Mikhovski, director of the Maintenance and Repair Directorate in the Nonferrous Metallurgy Department of the Ministry of Metallurgy and Mineral Resources, in which he says:

"We thank the editors of the newspaper RUDNICHAR for keeping a close watch on the mechanization problem in mining. The check that you made correctly found that the promised mechanization has not yet been proposed to the miners. The obligations of the interested parties must, however, be differentiated if these proposals are to be monitored."

Further on, the letter repeats again and again and in great detail the history of the problem of providing miners with hammer drills, pneumatic rigs and mining drills, and spare parts for hammer drills, the usefulness of which is not apparent. It would, perhaps be more useful to tell what has been done to hasten solution of the problems and, primarily, of the recommendations in Decision No 63, dated 6 May 1980, of the Central Committee of our trade union.

It is surprising that at the last inspection, made on 22 September 1980 at office 44 of Technoport ISO [Engineering Economic Organization] it was found that no requisition for hammer drills for 1981 had been received from Gorubso SPPOK [Bulgarian-Soviet Economic Mining and Metallurgical Combine] or Srednogorie SPPOK [Sredna Gora Mountains Economic Mining and Metallurgical Combine]. This was categorically confirmed once more by Economist Yordanka Paunova, head of the Mining Equipment Sector, after carefully checking the requisition documents at the same office.

This all confirms once more that direct contact is still not maintained between the Ministry of Metallurgy and Mineral Resources and Technoport ISO in order to put requisitions in good order and, hence, the obligations of the parties.

IMPORTANCE OF RETURN ON INVESTMENT UNDER SET OF MEASURES STRESSED

Prague HOSPODARSKE NOVINY in Czech 3 Oct 80 p 4

[Article by Eng Josef Fogl, Chancellery of the CSR Government, and Eng Arnost Culik, CSR Ministry of Finance]

[Text] Capital Investment

Preparation of investment from intent to attainment of planned parameters quite often takes almost 10 years, and once a facility has been built it must keep producing for 15, 20 and sometimes even more years. However, such a long-term approach is in direct contrast to the stakes participants in the investment process have in annual plans or in the five-year plan. Now, as before, the key problem in this area remains how to invigorate the long-term character of economic stimulation and its orientation not only to quantity, but also to quality of output. Can this purpose be served by indexes of the return on investment?

The enduring problems of capital investment can be divided into three main categories: protracted time of construction (or, as the case may be, failure to meet originally specified deadlines, or introduction of new capacities into operation), exceeding originally budgeted costs and failure to maintain design specifications once new facilities are in full operation. These digressions reinforce the risk that actual investment shares will differ from those originally envisioned. These risks, however, concern not only investors and direct operators of new facilities, but also customers and future production contractors. In other words, their fallout widely affects relations between supply and demand, as they represent a potential for the occurrence of bottlenecks in the reproduction process. The above-mentioned deviations can thus, to a substantial degree, spell the difference of a trend toward economic balance or imbalance.

It appears that the overall characteristic instrumental in assessing to what extent the mentioned potential risks make themselves actually felt is the difference between the originally envisioned and actually attained return on investment. We are of the opinion that this difference not only provides an ex post facto record, but, properly utilized, can also actively minimize the mentioned risks before the fact.

Thus, return on investment can constitute one of the key characteristics for assessment of not only past developments, but also become a tool for systematic management of current and future development.

## Consequences of Construction Delays

Some existing regulations, e.g., edit of the Federal Ministry for Technical and Investment Development no. 30/1970, lead to assessment of return on investments only from the point of launching pilot or full operation. This means that an investment in a project that experienced unforeseen delays can be ascribed equal merit as an investment in a project completed on time under otherwise identical conditions. This, however, distorts the results by ignoring the deficit in generation of resources caused by delays in construction and can adversely affect relations between supply and demand.

The CBR Finance Ministry investigated 18 selected large investments in the industrial sector, agriculture and food, and construction. The total budgeted costs for this selected sample amounted to 11.7 billion koruna, of which 14 were centrally overseen construction projects of a total budgetary cost of 10.8 billion koruna.

When we compared the original schedules for launching operations in these facilities with the actual terms, we found that by the end of 1977 deficits in goods production amounted to 6.7 billion koruna, and capital depreciations to 0.4 billion koruna. These deficits also had adverse effects on relations between supply and demand, and in many cases necessitated imports for free currency beyond provisions of the plan. At the same time, diminished goods production accounted for 57 percent of construction delays, and for 43 percent of failure to attain the planned specifications. Lower generation of profits and depreciation was due to construction delays by 46 percent, and by 54 percent due to the failure to attain planned specifications.

All this, of course, significantly protracted return on these investments. According to planning and budgetary documentation, 44.3 percent of invested capital appropriations were to be reimbursed through generation of profit and depreciation write-offs by the end of 1977, while the actual reimbursement by that date amounted to only 24.1 percent, i.e., only slightly more than one half.

Return on investment is defined here as the percentage of reimbursement for invested capital appropriations at a specifically selected point of time. This involves the ratio of the net production from the given new facilities acquired through investment to the total amount of the invested means. In this case net production is considered in its total amount from the moment of launching full operations in the new facility until the time of measuring the percentage of reimbursement, i.e., in our case, until 31 December 1977. However, as we did not have at our disposal for the sample investments under investigation the volume of net production, we approximated the reimbursement percentage merely on the basis of total profits and write-offs.

The above-mentioned ratio (percentage of reimbursement) can be computed from the original planning and budgetary documentation, i.e., as it was planned, and confronting it then with the reimbursement percentage actually attained. Hereby the planned and actually attained percentage of reimbursement can be followed, e.g., for individual years of the entire term of the five-year plan.

## Percentage of Reimbursement

It is obvious that the differences between originally planned and actually attained returns on investment, or percentage of reimbursement, are influenced by three basic effects:

- Deviations from the original construction schedule and launching of facilities into operation,
- deviations from planned specifications after launching operations in new facilities,
- deviations from the originally planned amount of budgetary costs.

Additional effects can be produced by some other factors and, as the case may be, by price changes. However, effects of the complex overhaul of wholesale prices as of 1 January 1977 were negligible.

It can be seen then that an identical percentage of reimbursement at a given time can be arrived at by various combinations of the listed deviations in the preceding period. For example, exceeding original budgetary costs can be accompanied by attaining operational parameters that show an improvement over the original plan. If this improvement becomes reflected in lower production costs, meaning higher profit, or net production, it is still possible to meet the planned percentage of reimbursement (if the original construction schedule had been met). Similarly, delayed launching of operations can be compensated for by either cutting costs, or improving actual operational parameters above those called for by plans. Similarly, certain failures in meeting the planned specifications can be compensated for, from the viewpoint of reimbursement percentage, by early launching of operations in the new facility and savings in budgeted cost of the project.

It stands to reason that such compensations are realistic only to a certain extent. Moreover, such compensations need not be expedient from the viewpoint of national economy. Smooth continuity of the reproduction process can be adversely affected not only by delayed launching of facilities into operation (resulting in short supplies), but also by premature launching of operations, when customers might not be ready to accept delivery (resulting in unplanned surplus of supplies).

However, mere elimination of shortcomings in existing regulations will do little for assessing the return on investment by means of computing the percentage of reimbursement. Rendering such an assessment routinely feasible and yielding conclusive results would have as its prerequisite some elementary assumptions in documentation, accounting and calculations.

It would mean, first of all, devising a multifaceted and stable interface between plan documentation and plant accounting and statistics regarding actual developments. The same holds true of followup between plan documentation and resultant calculations. Of importance also is maintenance of comparability between both data groups.

A systematic formation of such prerequisites and their full utilization cannot, as a rule, be accomplished merely by promulgating new regulations, directives and instruments. This calls for generating realistic, economically based interest.



## Multilateral Limit

Percentage of reimbursement can be determined for a single investment or for a set of investments, or, as the case may be, for various combinations thereof. But it need not be derived merely as a dependent constant given by the amount of budgeted costs, operational parameters of the new facility and the duration of construction. In such a case it would become an assigned task, a limit, on the basis of which it would be necessary to process all planning and budgetary documentation and the project schedule in such a manner as to meet the specified percentage of reimbursement at the given level and at the specified time. This particular function of reimbursement percentage offers the possibility for its application in actively influencing the investment process.

In the phase of investment preparations and in formulation of the investment plan, the percentage of reimbursement (as an independent constant) can fulfill the function of a certain multilateral limit for designers, planners and suppliers. These subjects would have to jointly coordinate control of the project and backing of the planned investment by suppliers in such a manner as to meet the predetermined percentage of reimbursement distributed into the specified number of years. This constitutes the first active function of this indicator.

Its second active function concerns the period of capital investment materialization. After the investment is made, the percentage of reimbursement does still constitute an assigned task, but simultaneously the completion of this task is becoming dependent on factual adherence to the level of costs budgeted for the project, meeting of the construction schedule and attainment of the planned parameters in operations.

The obligations of designers, planners and suppliers continue throughout this phase, as implementation of the project proves or disproves the accuracy of their assumptions and the quality of their performance. Moreover, the circle of interested parties is joined by the investor, or the future operator (manufacturer). At a specified percentage of reimbursement it is in his own interest to systematically carry out his functions in seeing to it that planning as well as territorial preparations are ready, to include budgetary documentation, and, during actual materialization of the investment, to monitor the progress of construction operations, as well as adherence to the work schedule and to planning and budgetary documentation.

If these prerequisites are met, his interest then shifts to launching the new facility into operation and the operation itself. This is so because if the technical conditions were met on the part of the designer and the supplier, then attainment of the planned parameters in operations would depend primarily on the operator: namely, how he organizes and provides for the needs of production and maintenance of equipment and its utilization and how well he adheres to the technological process.

## The Principle of Long-term Economic Stimulation

It appears then that the percentage for reimbursement of investments could be used as one of a group of criterial plan indicators, to include personal material incentives for supervisory personnel in suitable sectors. Herein the respective percentages of awards and premiums relevant to this indicator ought to be set not

only for the supplier and designer, but also for the investor in a mutual relation. Incentives designed along these lines would obviously be operative over medium- to long-term periods for all participants in the investment process in conformity with the chronological profile of the process itself. The percentage of reimbursement would then be used as an integral part of access to the program.

Among other things, this would serve to effectively materialize in a given sector one of the key principles of the Set of Measures for Improving the Planned Management System of National Economy after 1980: reinforcing the long-term duration of economic stimulation and economic interests of the investment process.

Planners and suppliers participate in a number of investment actions which are then gradually completed in individual years. Under the system of incentives which we propose, they would participate in awards and premiums linked to meeting the percentage of reimbursement of an essentially annual basis. These awards would not be related to performance for the given year, but to performance related to preparation and implementation of investments started several years before, i.e., to performance the final results of which did not become manifest until the given year. Thus, awards and premiums would be declared for performance delivered in the current year, but would become payable only after the requisite investments have been implemented through translation into operations, and that again depending on adherence to the planned percentage of reimbursement in individual years of the new facility's operations.

This would serve to reinforce the long-term character of economic stimulation and its orientation not only on quantity, but also on quality of performance. In addition--and this is very important--it would serve to reinforce coordination and cooperation among investors (operators), planners and suppliers, because they all have a hand in meeting the planned level of the percentage of reimbursement for investment in the individual years of the five-year plan.

It stands to reason that implementation of this proposal would in many cases also call for requisite modification of the existing system of incentives. In addition, the proposal also calls for further, more detailed elaboration. The latter, however, is beyond the scope of this article.

8204

CSO: 2400

NEED FOR ENFORCING QUALITY INDICATORS STRESSED

Prague SVET HOSPODARSTVI in Czech 23 Sep 80 pp 1, 2

[Article by Ladislav Benes, Federal Ministry of Finance: "Strict Observance of Production Quality Indicators Necessary"]

[Text] The special economic sanction to penalize inferior production is in its second year of use in our manufacturing organizations. It consists of lowering, for the purposes of the incentive system and evaluation of the annual achievements of the operation of enterprises and economic production units, the actual level of profits and outputs (receipts, goods manufacture or values added) by losses incurred because of inferior production; this diminishes their fulfillment of the plan as compared to the planned level.

The penalty is related to the indicators of outputs, profits and returns of the operating assets, and therefore affects the amounts of payable wages; bonus payments for the managerial personnel; allocations to special compensations funds (and consequently the amount of rewards, bonuses and shares in the production returns), to cultural and social services funds, and to small business investments (development fund). The penalty is also reflected in the annual evaluation of the enterprises and economic production units and their account balance (without reservations, with reservation, etc.).

The penalty, which represents an economic stake for the organizations having disproportionately high losses from inferior production, is intended to motivate them to act and eliminate the main causes of inferior production, be they in the design of the products, technology of their production, work organization, workers qualifications, input and output control, and the like.

Despite some problems encountered in application of this penalty, its effect has been positive. The management system has acquired a new element which compensates a well functioning and greatly expanding monetary incentive system for quality production in organizations.

The penalty is used particularly in those industrial enterprises, where terms such as losses from rejects, expenditures for repairs under guaranty, fines, nonperformance penalties and discounts because of responsibility for defects of delivered inferior products, are commonly known. They form the core of the losses from inferior production. In other fields, such as construction, agriculture,

transportation and communications, the losses from inferior work have not yet been adequately defined, and hence quantified, although we cannot always be fully satisfied with their work quality.

The losses that are incurred because of inferior production are becoming an important, complex indicator that characterizes the level of inferior work in every industrial organization. This indicator allows us to evaluate the production quality in organizations at time intervals from a single viewpoint and to make comparisons among them. It must be pointed out that the level of losses from inferior production corresponds to the assessment of production quality in the pertinent organizations by the domestic and foreign trade and by consumers. Losses from inferior production on the average do not reach an unusually high ratio in the outputs of industrial enterprises. In 1979 they represented only 0.2 percent. A greater range of these losses is noted in the individual sectors, as evident from the table below:

Organization	Losses from inferior production in percent of outputs
Federal Ministry of Metallurgy and Heavy Engineering	0.08 percent
Federal Ministry of General Engineering	0.62 percent
CSR Ministry of Industry	0.07 percent
SSR Ministry of Industry	0.08 percent
CSR Ministry of Construction	0.07 percent
SSR Ministry of Construction	0.13 percent

Economic production units have shown an even greater spread (for example, in the Federal Ministry of General Engineering from 0.06 to 3.7 percent, and in the CSR Ministry of Industry from 0.03 to 0.17 percent). Greatest differences are seen among individual enterprises. It must be pointed out, however, that only a few enterprises have incurred unusually high losses because of inferior production (above 3 percent); the highest losses were shown by three engineering enterprises, 12.13, 10.99 and 6.48 percent, respectively.

The type of work that the organization performs is responsible for the differences in losses from inferior production to a considerable degree, but so also is the management of the organization involved. Comparisons of enterprises or economic production units manufacturing essentially the same products have confirmed this. We shall cite only a few typical pairs: 12.13 and 1.52 percent; 0.20 and 0.14 percent; 0.12 and 0.08 percent; and 0.04 and 0.01 percent. In general the losses from inferior production are lower in the manufacture of production equipment than in the manufacture of consumer goods, and in the latter they are lower in the consumer industry production than in engineering.

The penalty imposed under the title of losses from inferior production is commensurate with their level. In general it is relatively low (in 1979, for example, it represented an average reduction by 0.18 percent in the volume of wages payable in industrial enterprises). The penalty is sensibly focused on the organization which show disproportionately high losses from inferior production. Generally, however, it only adds to and accentuates their generally poor management. The



penalty strikes most the bonus payments for the managerial personnel of the organizations; in some instances it also reduces the shares from production returns and, exceptionally, it lowers the allocations to the cultural and social services fund and the development fund. In most organizations the penalty results in solving problems related to the causes of the high losses from inferior production. There are also, however, some organizations that instead of trying to firmly resolve the problems in their organization are more concerned with justification of the causes of these losses and with a search for administrative ways to reduce the penalty.

Starting with 1980, the losses from inferior production also include losses from in-house rejects when they exceed the permissible level specified by the superior central organ. The impact of this measure will be small, however, because with some exceptions the specified permissible levels are higher than the actual losses in 1979 from in-house rejects. The permissible limits for in-house rejects are thus failing in their function: to bring about reduction of rejects.

According to the Set of Measures for Improving the Planned Management System of the National Economy After 1980 the penalty for inferior production will be in force also in the Seventh Five-Year Plan. It will become a part of the legal code. The mandatory imposition of the penalty, the definition of losses from inferior production and the categories of the incentive system to which the penalty will apply, will be set forth in the ordinance of the CSSR Government. Pertinent regulations concerning the wages and rewards and financial regulations governing the formation of the cultural and social services fund, development fund and export incentive fund, will specify the details for application of the penalty.

In the Seventh Five-Year Plan the principles will be essentially the same, but some modifications based on current experiences are expected in the particulars. Consideration is being given to the expansion of the scope of organizations which will be subject to the penalty. The determinant factor should be the specific activity in the organization involved, rather than the type of the organization or its organizational category. It is assumed that specific definitions of losses from inferior work will be formulated for the fields of construction, transportation, communications and agriculture. Definitions of losses from inferior work will be particularized according to the issued explanations, especially as regards the allowed discounts, guaranties and lump sum payments under guaranties; formation and use of reserves for repairs under guaranty; compensations from the risk fund for losses from inferior production; and determination of permissible limits for rejects received from other sources in the engineering metallurgy products and in deliveries within the framework of the concerns. The permissible limits for in-house rejects will be better defined so as to be more effective in reducing the volume of such rejects. Consideration will be given to the establishment of permissible limits for rejects received from other sources in certain fields, where because of the nature of the products and their production, the technical control of the entire production process is not feasible. Steps will also be taken to solve the discrepancy between the guaranty terms for the end products and export products and for the partial supplies for these products (materials, semifinished products, components, parts and subsidiary supplies).

The listed modifications will strengthen the penalty for inferior production and in the long run it will become an integral part of the planned management of the organizations.



CROP, WEATHER REPORT PUBLISHED FOR AUGUST 1980

East Berlin FELDWIRTSCHAFT in German Vol 21 No 10, Oct 80 p 480

[Article by Dr D. Krumbiegel, GDR Meteorological Service, Central Weather Bureau, Potsdam]

[Text] The Weather in August 1980

Brief sunny high-pressure and more extended active low-pressure periods alternated several times. The southern GDR was at an advantage compared with the northern part in terms of air temperature and drying conditions.

Daytime average air temperatures mostly from 3 to 5K too high were followed by temperatures somewhat too cool up to the 13th and then, till the end of the second 10-day period, a little too warm. Between the 22nd and the 26th, air temperatures dropped by from 3 to 6K below normal values. By the end of the month, it became warmer again. Daytime maxima in the first 5-day period came to around 25°C and, on the 3rd, around 30°C widespread (locally, up to 33°C). Similar high maxima recurred around the 16th and the 29th. When the weather was cool in the third 10-day period, maxima hardly rose above 15°C. For the rest of the time, they usually came to around 20°C. At the start of the third 10-day period and by the end of the month, nocturnal ground temperatures dropped below the 10°C limit only for a few days. On the 14th, the first early frost (-3 to -0°C) was recorded on the Brocken, and on the 26th, at some stations in the southwest. There is less than a 5 percent probability of local ground frosts in the GDR plains in the last 10-day period in August. There was little sunshine in the third 10-day period. All told, the duration of sunshine was poor in the northern part but normal in the southern.

The whole area remained completely or almost completely without rain in 12 days. In the second 5-day period, from the 13th to the 18th and from the 25th to the 28th there was the least amount of rain, but most abundant rain fell on the 3rd (northern part, 5 to 10 mm, locally as much as 25 mm), the 12th (north, 10 to 20 mm; south, 5 to 10 mm), around the 20th (local daily volumes between 20 and 35 mm), and at the end of the month. Daily averages of relative air humidity hardly ever dropped below the 70 percent limit and usually ranged between 70 and 90 percent.

Temperature Data for August 1980 according to the Chief Climatological Office, Potsdam

1. Average Monthly Air Temperatures and Deviations from Normal Values

Schwerin	16.3°C	-0.4K	Erfurt	16.9°C	+0.9K
Neubranden-			Leipzig	17.5°C	+0.3K
burg	15.8°C	-0.5K	Goerlitz	16.4°C	-0.3K
Potsdam	17.0°C	+0.1K			

2. Average Precipitation according to Bezirke

Rostock	93 mm = 135%	Halle	41 mm = 69%
Schwerin	76 mm = 107%	Erfurt	35 mm = 54%
Neubrandenburg	83 mm = 126%	Gera	57 mm = 85%
Potsdam	59 mm = 92%	Suhl	59 mm = 78%
Frankfurt	54 mm = 89%	Dresden	56 mm = 72%
Cottbus	44 mm = 66%	Leipzig	42 mm = 65%
Magdeburg	56 mm = 90%	Karl-Marx-Stadt	64 mm = 72%

3. Evaporation Potential

Northern bezirke	50...65 mm
Central bezirke	70...85 mm
Southern bezirke	70...90 mm

Soil, Crop and Labor

Surface soil temperatures, around 20°C in the first 5-day period, dropped somewhat first and moved around 18°C up to mid-month. Then the soil warmed up temporarily and greatly cooled off again starting with the end of the second 10-day period. Between the 22nd and the 26th, surface soil temperatures stayed below 15°C widespread. In the last 5-day period, the soil again got warmer. The subsoil temperatures followed the trends of the surface soil temperatures to some extent. By the end of the month, from 15 to 18° were recorded at a 50-cm depth, from 14 to 17°C at a 100-cm depth. Ground water volumes alternated in accordance with the amounts of rain falling. In the northern GDR the values below the turf mainly fluctuated between 60 and 80% of useable field capacity. In areas that clearly got less rain (especially the bezirke of Halle, Erfurt, Cottbus, Leipzig and the southern half of Magdeburg), ground water volumes dropped greatly already in the first 10-day period and usually ranged between 30 and 50% of useable field capacity. That gave the soil and the crops there a much less favorable ground water budget than the other parts of the southern half. By the end of the month, the difference from field capacity at a 1-m depth below the turf in the bezirke referred to came to from -70 to -130 mm, otherwise from -30 to -70 mm. For the most part, it was fairly easy to work the grounds, even though it was under some detriments in the southwest, due partly to moisture deficiencies and in the northern bezirke, locally due to too much moisture. By and large, soil climatic conditions were good. Except for the

cold weather period in the third 10-day period, the conditions for growth were good or even very good. While there was an adequate natural moisture supply available for most of the GDR, optimum use of it could not be made for assimilation due to insufficient sunshine at times. That the precipitation was fairly evenly distributed in terms of time was of great advantage. Most favorable was the effect of the weather on the growth of all forage crop, including corn, and beets. For the grain, the effect was still positive, yet proliferation and second growth, and in the northern bezirks even protuberance, resulted for flattened grain acreages. There was much potato rot that made the potato-tops die off prematurely. Winter rye, the seeding of which was about 90 percent finished during the third 10-day period, and the summer batch crop encountered good germination conditions. Weeds kept meeting beneficial growth conditions. Phenological development remained fairly evenly delayed, some 5 days in the plains and some 10 days in the mountain areas.

Field work, especially the grain harvest, was often hampered by the rain. Very high regional differences occurred in this regard. The number of days with permanent relative air humidity below 70 percent of more than 10 hours (good harvesting days) were recorded as follows: Rostock Bezirk, the northeast of Schwerin Bezirk, the north and middle of Neubrandenburg Bezirk, 1 to 4; to the south of it down to the Gardelegen-Muencheberg line, 7 to 10; the rest of the plains and the hill country, 16 to 21; the mountain areas, 4 to 10. By the end of the month, barely half of the grain harvest was in at Suhl Bezirk and Karl-Marx-Stadt Bezirk, roughly 70 percent of it was in in the northern bezirks and at Erfurt Bezirk and Dresden Bezirk, and everywhere else approximately 90 percent of it had been concluded. Often, the harvest goods required extra drying activities. Especially in the northern bezirks, the trafficability of acreages was cumbersome because the ground was so wet. In the first two 10-day periods, there were relatively good preconditions for ensilage production. Only the southwestern plains were in need of irrigation starting at mid-month.

#### Meteorological Projections for Farming for October 1980

Since in most of the bezirks the soil's water absorption capacity was low by the end of August, considerable interference with field work is to be expected provided the autumn months get their normal amounts of precipitation. Therefore increased importance attaches to optimally observing the agro-technical time-frames for harvesting the root-crop, seeding the winter wheat, the fall plowing and the maximal use of available working time. For the same reason it is being recommended to make sure that the drainage installations will work properly.

Harvesting plans for sugar beets should be optimized with an eye to the trafficability of the acreages and to still additional growths (crop density being the crucial factor).

5885

CSO: 2300

# PARTY SECRETARY INTERVIEWED ON ROLE OF QUADRANGLES

Budapest NEPSZABADSAG in Hungarian 19 Sep 80 p 3

[Interview with Gyorgy Kovacs, party committee secretary of the Ikarus Factory, by Janos T. Rac]

[Text] Following the adoption of the Youth Law, the triangles that provided the setting for economic and political leadership at the workplace have been replaced by quadrangles. These organs, operating under the supervision and with the coordination of party organizations, now include representatives of the KISZ. They have now become true participants in the leadership of factories and institutions.

Two years ago, the 16th District Party Committee prepared guidelines for the party organizations within its jurisdiction in order to help keep political attention focused on the tasks they face. Subsequently, the situation and the activities of the organs mentioned has been put on the agenda of a conference of party secretaries as well as a training course. Pursuant to a request by the party committee, a directive on this subject was issued by the director general.

This year the time has come for a collective evaluation. In May, the topic was discussed at an expanded session of the factory-wide party committee. The report formulated at this session was analyzed shortly afterwards by the executive committee of the district party organization.

The operational experience of the quadrangles and the tasks required for future progress were the subject of our conversation with Gyorgy Kovacs, secretary of the party committee of the Ikarus Factory.

## A Setting for Leadership

"The resolutions and guidelines of higher party organs provided indispensable help for a more concrete formulation of certain things," he began. "I think the same is true elsewhere. It would be an exaggeration to say that we had to start from scratch. It is, however, senseless to deny that certain misunderstandings were still widespread 5 years ago due to the relative novelty of the lesson. Among these, the most persistent one was the apparently plausible assertion to the effect that we have a highly developed democracy at the workplace because the quadrangle always discusses every important question. The degree of democracy at the workplace may be high or low even if this is true, because this entity is an organ

of leadership, not democracy at the workplace. A workplace is certainly under control when the quadrangles, under the coordination of party organizations, discuss all important questions with the participation of economic and political managers and representatives at regular working sessions. For example, none of those involved could imagine the management of Ikeris without the so-called 'Wednesday 7:30 conference' of the enterprise quadrangle."

[Question] The participants are representatives of mass organizations. Due to their mass influence, the activities of the quadrangle still have something to do with enterprise democracy...

[Answer] This does not contradict what I have said before. I merely wanted to underscore, in view of mistaken ideas in the past, that conferences of the enterprise, economic and social leadership are not a substitute for democracy at the workplace. Of course, they can and should exercise an influence. This must take place, however, through enterprise organs which include, among others, workers' meetings, party and KISZ meetings, conferences of the delegates of union shop stewards or production meetings. To mention a recent example: A session of the quadrangle at one of our plants found that the last production meeting was, to put it squarely, quite dull. As a result, the representative of the party organization called on the economic manager to prepare a more lively report that is more likely to provoke a debate at the next session. The trade union and KISZ were urged to encourage active participation by the people present, so that they can contribute to a real analysis of the report.

#### Creating Harmony

[Question] What types of questions are discussed by the quadrangles of enterprise leadership?

[Answer] They discuss only those questions that are within their jurisdiction. Fortunately, we no longer have a situation where representatives of one organization or another could protect themselves whenever unpopular decisions were made by saying "There is nothing I could do, the quadrangle made the decision." The secretary of the basic party organization who proudly announced to the party committee that he signed the wage development list at the session expected praise but has, in fact, received just the opposite. What are foremen and union shop stewards for? There was a period when personnel decisions involving specific individuals were also "approved" by the quadrangle although this is both incorrect and illegal. We have an economic leadership, a personnel department, party and KISZ committees and shop floor committees, each of which has the power to discuss matters of this sort within their jurisdiction. The quadrangle should present its views but the decision should lie with the appropriate leader.

[Question] Up until now we have discussed what the quadrangle should not be. This was quite useful but the question remains: What should be the role of the quadrangle?

[Answer] This is an important topic for discussion because our experience shows that the role of the quadrangle within the enterprise is still not completely clear in the public eye. In some cases people expect something more or something different from its proper function. The importance of this entity is increased, not



reduced, by the fact that its primary role is to define principles and initiate action in important matters and not to make decisions. Its discussions provide a setting where participants of the leadership can harmonize their views. They ensure that questions on which they disagree do not lead to mutual insult, an abuse on the shopfloor or the corridors. Instead, they can exchange information and formulate a united stand in a constructive exchange of views. This is very important because each of the participants returning to their workplace after a meeting of the quadrangle must stand behind the view formulated jointly. It is important for every participant to arrive to these meeting with the resolutions formulated by the meetings of the organization they represent as well as the information presented there. The converse is also true: Reports and materials intended for higher levels of direction must also be prepared here. The quadrangle also provides a setting for organizing mobilization for political events, celebrations and volunteer work programs. It is the place where a joint formulation of the answers to questions asked at the forums of enterprise democracy can be arrived at. In our factory the standard practice is that the quadrangles make proposals for awards and decorations. This list remains public for 2 weeks displayed on the bulletin board; the final decision is made by secret ballot at the production meeting.

#### Well-Tried Methods

[Question] Does the economic leadership accept the input of the representatives of social organization in all areas?

[Answer] This has not been a problem for a long time. Every manager understood that the quadrangle is a forum for party direction and coordination as well as unified leadership, thought and action. In a number of plants within Ikarus the standard practice is for the economic managers to ask for, and receive, support from the quadrangle for new initiatives. This is where overall work organization plans begin to crystallize. Frank information is given even in so-called sensitive areas. For example, a frequent topic of quadrangle conferences deals with the replacement of lower-level managers. Of course, the successor will be named by the appropriate management. Another example: In one of our plants there were some discipline problems. One indication of this was the fact that a group of people were already at the gates of the plant at the moment the official workday has ended. At a session of the quadrangle, the party secretary pointed to the need to do something about this. The representative of the trade union was charged with the task of warning one of the foremen, together with the plant manager, to stop providing a bad example by being the leader of this premature march toward the gates.

[Question] How do you intend to further expand the activities of the quadrangles?

[Answer] These organs operate within the workplace, which explains why their discussions are concentrated mainly on work. We already made sufficient progress to make sure that the topic of discussion includes problems of the workplace and other tasks besides production and wage matters.

We have left the time of the triangle behind us a long time ago. The representative of the KISZ organization is now an equal partner. Another achievement is that the participants at these conferences occasionally number more than four in order to represent every section in situations where the organizational structure of the economic or social organizations demands such an arrangement.



## Political Uses

In conclusion, I can say that the conceptual activity and organizational framework of the quadrangles are being strengthened and unified, although this development is clearly proceeding more rapidly in areas of manual work. At a number of white-collar workplaces, main departments and departments the lack of regular meetings is often explained in terms of the scattered structure of the area or just the opposite: That they meet everyday in any case and have sufficient opportunities to talk to each other. We object to both of these views: In the first case, regular, businesslike exchanges between political and social leadership would be especially important in areas where activities are scattered. In the second case, we say that although spontaneous discussions are welcome, they are no substitute for responsible meetings. Insisting on regular meetings of these organizations is not just a mania for meetings. It would be unbelievable if 2 weeks or a month could pass without the emergence of a single topic that is of equal interest to the social and economic leadership.

[Question] What kind of profit do you intend to derive from the recent discussion of this topic by elected bodies of the party?

[Answer] Political utilization has in fact already started at these meetings. A rich and very active debate at our party committee meeting has reaffirmed all that has been achieved by these entities. Informing the factory and the party organization about these experiences and the contributions at these meetings is all the more important since new party secretaries were elected in three of the seven party committees of the Ikarus Factory in Budapest and 8 of the 22 basic organizations. The preparation of these comrades for quadrangle work has started earlier, since a participant at these meetings, and especially the party secretary, must do more than just sit and listen. The district executive committee has given us a good mark for our work in providing party direction for the quadrangles. It proposed that our experience should be used by party organizations in other factories. As a result, a lot of people asked for our report, concluded the secretary of the party committee of the Ikarus factory.

9164  
CSO: 2500

CONSCIOUSNESS, AUTOMATISM IN ECONOMIC MANAGEMENT DISCUSSED

Budapest TARSADALMI SZEMLE in Hungarian No 10, Oct 80 pp 33-43

[Article by Dr Adam Juhasz, state secretary Ministry of Heavy Industry: "The Role of Consciousness and Automatism in Our Economic Guidance"]

[Text] The relative place, role and importance in the building of a socialist society of the three chief elements of the institutional system of economic guidance--the plan, the regulators (mechanisms) and the guidance (organizational) system--have been subjects of debate for a long time. Even today this is judged differently in different socialist countries and practice differs within a single country, too, as the changes within one country or between different countries take different or even opposed directions. At a given time, central guidance will be strengthened in one country and in the interest of this industry will be concentrated in combines while in another country the decentralization of the large enterprises or trusts will be considered useful. The number of plan indexes will be increased in one country and decreased in another. In one country they will consider it possible and necessary to realize the world market effects (including prices and inflation) while in another they will try to exclude or neutralize them.

This is an excessive simplification of these contradictions and we do not find them in such an exclusive form, declared as principles, but it is a fact that in the historically short developmental period of socialist society the most purposeful linking of the three factors (plan, regulation and organization) has not yet developed in the most unambiguous way. This cannot be surprising if we consider the very different conditions and circumstances under which the several socialist countries function and the long historical period through which the preceding social systems developed or are developing. The economic guidance practice of capitalism has changed more in recent decades than it did since capitalism existed and certainly a significant role was played in this by the challenge of the socialist societies. Whether it intended to or not the existing socialism is forcing a development of the social system of existing capitalism in the direction of muting the internal contradictions. Naturally the fundamental (antagonistic) contradictions of capitalism remain and are even added to by new ones in the present period of imperialism.

From time to time we should again put on the agenda an examination of the role and interconnections of the three elements of economic guidance, analyzing them and carrying out the necessary modifications, primarily because:

--the internal development of the economy requires a systematic examination and constant modernization of the superstructure;

--the effect on the economies of the individual countries and the consequences of the development of socialist international economic integration require appropriate adjustments;

--the changes taking place in the developed capitalist and developing countries demand from the economies of the socialist countries an appropriate adjustment and reaction, especially in a time of such radical changes as those following the 1973-1974 price explosion;

--the peaceful competition between the socialist and capitalist economic systems will be decided historically by the economic achievements of the two systems; in this competition, in recent years, the rate of growth of the socialist system as a whole, which earlier had been a good bit greater than that of the capitalist system, decreased, in which a role was obviously played, among other causes, by the backwardness of the institutional system as compared to the requirements; and

--the lasting deterioration of our foreign market balance, our significant indebtedness, indicates that the capacity of our economy has lagged behind increasing domestic and foreign market requirements.

The further development of our economic mechanism and price system, beginning in 1980 and affecting many areas, serves this purpose and makes possible a more effective treatment than earlier of a number of problems which have been accumulating for years. We are also constantly studying the development of other elements of the institutional system of the responsible party and state organs, analyzing them and working on the necessary measures in the interest of developing our planning practice and organizational system. The resolutions of the 12th congress also underline the necessity of progress in the development of economic guidance. The daily and professional press reflect the increased interest of the public opinion of the country in these questions but they also show the surprisingly great spread of views among experts and in public opinion.

In what follows I want to deal with only one theme of this extraordinarily diverse range of problems, the role and method of conscious intervention in economic processes, as a question which has evoked especially much debate recently.

#### Consciousness in Management

Consciousness is a basic characteristic of the socialist society. Consciousness is precisely that something extra which lays the foundation for the superiority of the socialist society as compared to preceding social systems but, of course, only if consciousness is used skilfully, in its proper place, and not in the place of a well functioning automation but rather along with such elements to strengthen their effect and achieve those goals which cannot be achieved by them. The socialist society not only makes possible but also makes it our obligation to consciously intervene in the spontaneous processes of the economy. Our society, starting from the discovery of the lawful necessity of economic-social relationships and processes, consciously strives to constantly harmonize the development of the base and the superstructure. In general the requirement for harmony follows from

the laws of development and from the mutual interdependence of base and super-structure, frequently this harmony realizes itself, but generally harmony must be created by the conscious elimination of the regularly reappearing contradictions and the conscious adjustment of the economic guidance and institution system to the changing requirements of development.

Naturally the conscious efforts can often come into real or apparent contradiction with other effects influencing the functioning of the economy. For example, such contradictions can appear in the relationship of balance and standard of living, plan and regulators or national and enterprise interest. So the practice to be followed in the event of the appearance of such contradictions is to decide who must intervene, and when and how, in the economic processes so that consciousness should be realized in every case when the spontaneous processes of the economy do not follow or do not follow adequately the direction which has been recognized (hypothetically) as the most useful. This is perhaps the theoretically least unambiguously clarified and regulated area of our economic leadership and organization. This lack of clarification has many harmful consequences in the form of superfluous, perhaps harmful intervention and in the form of failing to take or postponing necessary measures.

Conscious influences are realized at every level of the economy (shop, enterprise, branch and national economy). In the final analysis the economic mechanism, the regulators and automatisms are embodied in the conscious activity of the enterprises. Basically considered the national economic plan is the result of conscious activity even if the economic conditions severely limit the freedom of planning. It is necessary to emphasize also that the national economic plan is only one element in the realization of consciousness (in economic guidance); there are many other forms of its manifestation as well. These include, for example, price control, credit policy, structure policy, special taxes and supports, authorizing export and import, defining the sphere of enterprise activity, partial centralization of technical development funds, cadre work and very many other general and ad hoc measures and regulations. The economic guidance mechanism itself contains a number of elements which represent conscious intervention and ad hoc measures. These include, for example, supports of various size for export modernization, the regulation of agriculture in a way differing from that for industry, using different pricing systems for different products, different wage systems for different enterprises, use of different wage multipliers, etc. This also includes the directives and requirements of guiding political and economic (and not only branch) organs which appear in a direct or apparently indirect form.

In the interest of limiting the theme we should regard as conscious only those measures and effects which are not determined or not primarily determined by the interest relationships or automatisms of the economic mechanism but rather in which the defining element is primarily the initiative and intent of those making the decision. It can be seen from this formulation that it is difficult even in principle to precisely separate the decisions determined or elicited by the automatisms from those which are conscious because every decision contains elements which are determined and a degree of freedom which requires consciousness. For this reason it would be an error to deny the necessity of conscious intervention in general or to oppose consciousness to the mechanism and the effect of the automatisms. It is also an error to consider every conscious economic guidance



measure a "directive" and thus to reject it as harmful regardless of its real content. Can we let our economy toss about on the stormy sea like a ship without a rudder? Obviously not. But just as faulty is the practice which demands immediate central (primarily branch) direct intervention in economic processes and enterprise management when practice does not precisely correspond to the real or imagined but in any case frequently changing higher interest.

We must approach the role of consciousness in a differentiated way, starting from the concrete situation. Instead of the false opposition "consciousness or mechanism" we must strive for a unity of the automatisms and incentives following from the mechanism and conscious economic guidance which supplement and strengthen one another, paying constant attention to the harmony of the two effects. We must develop the mechanism of economic guidance in the interest of this, developing the elements of it so that they most efficiently attain our economic policy goals, realizing the conscious elements in the guidance of the economy only when and where the automatisms cannot do this or cannot do it effectively enough. This must be done in such a way that the two effects should not clash but rather should strengthen one another. This view is supported by many factors of which I will list a few.

#### The Constructed Nature of Our Mechanism

Our national economy functions under unique conditions independent of us in many respects. It is characteristic of this that in our economic contacts the developed capitalist and developing countries have a weight almost identical to that of the socialist countries. The two relationships often pose different conditions and require different methods.

In the socialist relationship the trade contacts are based on medium range and annual quotas established at the state level; in the capitalist relationship individual deals at the enterprise level are characteristic. The requirements of the two markets differ significantly in volume of shipments, variety and even quality and the conditions and methods of marketing work are different.

The CEMA price principle regards world market prices as a base but this principle is applied with a suitable delay and an elimination of business cycle effects; for this reason and as a result of other factors the actual CEMA ruble prices differ significantly from the current world market prices in both our export and our import. A sort of average of these differences is reflected by the fact that the value ratio of the forint in relationship to the dollar or to the ruble does not reflect the declared value relationship of these two exchanges to one another.

The conditions of the domestic economy differ significantly from both relationships; here we have simultaneously in different areas market competition between producers, elsewhere a shortage situation (in regard to quantity, variety or both) and still elsewhere a monopoly situation of producers or consumers.

For the enterprise, in the case of domestic or socialist sales, the value judgment of the world market (in regard to the magnitude of national income produced or the efficiency of resource use) is realized either not at all (prices based on production cost) or is realized only very indirectly. In a monopoly situation or under conditions of a shortage economy (for example, in the absence of import

products) the prices do not reflect precisely the value judgment of the market and by exploiting the laxity deriving from this the enterprises can achieve extra profit more easily than by actually increasing efficiency. The new price mechanism does much to improve this situation but in a significant part of the production and service sphere the value judgment of the world market still cannot be realized with sufficient strictness and flexibility via the prices.

Our mechanism must take into consideration the conditions of all three relationships and we must strive to develop regulators and a price system which will create a suitable harmony between the interests of the national economy (different for each relationship) and the enterprise interests. It is obvious that the result of this can only be a "constructed" mechanism containing a number of compromises and artificial "game rules" which only approximately convey the value judgment of the world market and the changes therein. Under such circumstances the mechanism cannot be suitable for defining every activity automatically. Conscious elements must be built into the mechanism itself (capitalist export incentives, import limitations, price supports, turnover taxes which differentiate prices, fixed prices for some product groups, the damping of price changes, arbitrary prices, maintaining production cost type prices, setting rates of exchange for rubles and dollars, a dual rate of exchange for the forint, etc.) the purpose of which is to bring enterprise interests and national economic interests closer together but the constructed nature of it and the systematic delay in the changes make it possible to realize this approximation to only a limited degree.

Taking into consideration that the conditions, requirements and price relationships of all three relationships (especially the capitalist one) frequently change in a way which can hardly be foreseen a full and lasting harmony can be achieved only approximately with the internal automatisms of the mechanism and if the frequently destroyed harmony is to be restored and if the volume or level of enterprise performance is to be the objective measure of the efficiency of enterprise activity then the mechanism, and the price system as a part thereof, must be regularly adjusted to the changing conditions. This, however, requires conscious activity and the utility of the mechanism depends on the success and flexibility of this activity.

So the constructed nature of the mechanism is not a fault but a given; we must learn to adjust to it flexibly and wisely. The task of economic guidance is to develop the mechanism according to conscious considerations, to create an ever fuller harmony of national economic and enterprise interests on the basis of the world market and domestic value judgments in the interest of resolving the constantly reappearing contradictions. It is the task of the enterprises to predict the changes which can be expected in external effects and in the mechanism and prices which transmit these effects and to manage with an awareness of this.

#### The Need for Foresight

The mechanism and the automatisms thereof do not "think" and do not see into the future; by their very nature they evaluate the present activity of the enterprises and influence it in a direction advantageous for the enterprise. In themselves they are not suitable, or are not suitable enough, to influence the strategic thinking and developmental activity of the enterprise in a direction which



corresponds to the requirements of the national economic structure policy. Structural development frequently requires conscious developmental or structure changing decisions which are not more economical, or not sufficiently so, as compared to the existing product structure under present conditions (for example, world market or domestic price relationships) but with the development of market needs and prices which could be predicted their economicalness would increase or that of the present products would decrease. Thus when making strategic enterprise decisions we may need decisions which contradict the short range interests transmitted by the automatism. The banks offering developmental credits and the state organs developing the infrastructure and offering preferences (for example, export development or energy rationalization support) must realize conscious considerations keeping in mind the economicalness of the future.

Thus a correct structure policy and the selective development or curtailment which constitute the foundation thereof cannot do without consciousness. Research and development activity and marketing activity must be put in the service of this consciously and with determination.

#### Defining the Requirements

Enterprise performance can constitute an objective measure for evaluating efficiency only where the world market value judgment is realized directly (capitalist export) or where the capitalist market export price is the basis for our domestic prices and the price of the materials and energy used is based on world market prices. Enterprise performance is not a precise measure of the efficiency of the activity in our socialist export (because of the inconsistent realization of the CEMA price principle) and in the case of domestic activities where the prices are fixed or are of a production cost type or where there is a shortage or monopoly situation.

In any case enterprise performance is a synthesis of many factors the individual efficiency of which may vary greatly. For example, products which have been produced economically may be made uneconomical by amateurish marketing or enterprise performance which seems suitable may hide (because of shortages or a monopoly situation) waste of live work or energy. Because of these and similar factors we earlier had the situation of a "poor national economy with rich enterprises."

The 1980 modification of the mechanism significantly tightened the management requirements. This was an extraordinarily important step and it suggests lasting tendencies. But for the above reasons enterprise performance in itself still will not be enough for a many-sided evaluation and analysis of the efficiency of enterprise activity and leadership work. For this purpose we cannot dispense with the method of a many-sided comparison with the world level either in evaluating results or defining requirements, especially when we examine those components of the synthetic performance index the domestic prices of which are undervalued (for example, live work efficiency and energy requirements).

#### Organizing the Innovation Process

By the innovation process we mean the entire chain of research, technical development, production, marketing and generation of assets. Since we have neither the material nor intellectual assets or resources for the simultaneous development of all

activities and maintaining the level set by world market requirements it is necessary to concentrate our forces on the selective development of trends determined by structure policy while holding the level in other areas and curtailing some activities. This can be realized effectively only in a more conscious, more coordinated way than the practice thus far. In general the selection of the mechanism being realized on the basis of economicalness aids this conscious activity but long-range strategic decisions will not necessarily be in harmony with the short-range economicalness evaluations of the mechanism. Analyzing the possible contradictions and assuming the risk accompanying a deviation from the current economicalness value judgment are among the most difficult economic decisions. But we must consciously assume such a risk at both the enterprise and the national economic level because avoiding this and sticking to what we are used to at any price would mean conserving our obsolete structure.

We have known for a long time that technical development resources can be used efficiently only in a concentration which exceeds a "critical mass" but we regularly violate this principle, disperse our resources on too broad a front and profit even less from the little. Selecting the realistic research and development goals from among the innumerable possibilities and concentrating the assets on these goals is the task of economic guidance to a certain degree in every country.

Similarly we cannot dispense with the conscious and determined central guidance of foreign market marketing activity. The rational concentration of forces, the "critical mass" principle, is just as valid here. The marketing network, advertising and the service network can be effective only above a certain level of concentration, can be capable of laying the foundation for lasting export of sufficient volume at competitive prices. We have much to do in market organization at both the enterprise and guidance levels since the quality of marketing frequently has greater influence on the economicalness of the activity than the efficiency of the production process itself. We can hardly say that our foreign trade organization and practice, which correspond to the developmental level of the 1950's, would be suitable for satisfying the fundamentally changed conditions.

#### Economy Organization Tasks

Turning economic processes in the desired direction, especially the development of the production structure therein, is possible only with conscious economic organizing work. This theme is extraordinarily complex so I will pick out only a few characteristic examples.

The founding of a new enterprise or the elimination of existing ones, with the exception of amalgamations or absorption, are most rare phenomena in our present practice. Swift accommodation to market needs requires greater flexibility in this area also. We should facilitate the founding of new enterprises, especially small independent enterprises. There is especially great need of this in the area of the so-called background industry and industrial services. It would seem useful to facilitate the expansion or changing of the sphere of activity set in the charter establishing existing enterprises and to remove unjustified restrictions, including the more grandiose authorization of foreign trade rights for enterprises ripe for such activity. It is primarily enterprise interest which should motivate the development of enterprise organizational structure. The realization of this

should be facilitated but neither the founding of a new enterprise (with the exception of associations and daughter enterprises) nor the elimination of existing ones can be solved (at least according to our present practice) without conscious economy organizing decisions.

The purposeful development of cooperation links between enterprises and branches, the expansion of export and the replacement of imports all require conscious measures and incentive via interest relationships. The conscious measures include decisions regarding credit for developmental purposes where one must presume conscious decisions taking into consideration structural policy and the "reliability" of the enterprise, in addition to the predicted evaluation of economicalness and a selection among enterprise goals of almost identical economicalness (we cannot afford everything), in this case on the part of the banks and branch ministries.

Energy management is a unique economic organizing task of ever greater significance. Here also, naturally, an important role is played by the mechanism, the interest relationships, because energy supply and the gigantic investments and imports connected with it are a bigger problem for the national economy than for the enterprises, which do not feel the costs of the energy producing investments and regularly receive imported fuels more cheaply than the world market price. On the one hand there must be an attempt to see that the enterprises increasingly bear the world market costs of fuels directly and that energy use should not be a hidden support; on the other hand there must be an attempt to decrease energy needs and to decrease the costs of the development and operation of energy production and use, by means of a coordinated system of enterprise and central measures.

I think that it is no exaggeration to say that the results achieved (or the failures suffered) in structural development and energy management best characterize the level of guidance of a national economy.

#### The Level of Enterprise Management

It would be an erroneous simplification to suppose that the enterprises will always do everything which is advantageous for them in terms of incentives, which they know to be necessary for them now or in the future and which they could find a way to do with good work. If this were true then, except for the definitely obsolete enterprises with definitely unfavorable natural conditions (which would be striving to liquidate themselves!), we would have only profitable enterprises manufacturing products which could be sold advantageously on every market and in the forefront of technical progress. As is well known this is not the case and that this depends primarily on the level of enterprise management is proven by the fact that we do have a good number of such enterprises, small and large, state and cooperative and belonging to the competitive and noncompetitive spheres alike. Naturally the effect of the economic environment is not secondary even so because the fact that those which are weak, live for today and do work far behind the world level can live for years or decades and make a profit and even be classified as good is the fault of the lax economic environment which sets standards in terms of the domestic average--if you like, the fault of the mechanism. The tightening of the requirements and the accommodation to the world market has changed this a great deal, but we must go farther in this direction.

In any case it is fortunate that even hitherto many enterprises have consciously done more than the lax requirements of the mechanism would have encouraged them to do. In the future also outstanding enterprise management will be the result not primarily of the incentives but rather of conscious efforts. Progress, wanting the best, is a conscious aspiration. It is the task of the political and economic leadership to consciously demand the best everywhere, to demand that work come up to the leading world level.

Here there is another, very common problem, that the enterprise (or its leadership) does not do everything one might expect of it for the realization of such national economic interests as, for example, market oriented technical development, modern marketing activity, material and energy conservation, increasing productivity, etc. but, because the enterprise is working well in other areas, its combined performance is not worse and may even be better than the average. In many cases the interest automatisms are not efficient enough to make people deal with energy conservation, for example, where the energy costs make up only 2-3 percent of the production costs. There can hardly be any doubt that in such cases it would be useful and even necessary to intervene consciously in enterprise management, but who should do so and how so as not to violate enterprise independence is a question which has not been resolved unambiguously.

#### The Spontaneous Centralization of Decisions

The socialist character of industry, agriculture and trade is necessarily accompanied by a significant reduction in the number of organizational units and farms. The combination of artisans into cooperatives further strengthened this process. And the organizational concentration brought with it a radical reduction in the number of those with the right of making decisions, which was further increased by the excessive centralization within the enterprises. In the period of extensive development, strongly isolated from external market effects, the disadvantages of this process did not appear so much. Later, especially in recent years when the value judgment of the capitalist market appears ever more directly in our economy, the lack of flexibility deriving from the small number of those with the right to make decisions, the slow and insufficiently effective reaction capability, the underestimation of human factors and other internal and external factors have combined to lead to the deterioration of the balance of the national economy.

The flexibility of the economy depends primarily on a swift reaction to external and internal effects, on decisions which serve to protect against unfavorable effects, on initiative in discovering new possibilities and reserves and on the assumption of risk which accompanies this. Initiative requires authority and independence in harmony with the carrying out of decisions. Many useful initiatives miscarry because of the lack of the independence needed to carry them out. Of course there are hardly fewer missed opportunities due to the fact that those with authority do not make use of it, always seeing possibilities for the realization of good initiatives only in the sphere of authority of others. In addition there are always many more good ideas than those with authority can handle or process. It is certain that there could be more successfully realized initiatives if there were more people with the right of making independent decisions. A well known fact follows from this, that the rational decentralization of decision making authority (which is not necessarily the same as organizational decentralization) will increase flexibility and aid the success of good initiatives.



Considering the fact that at the enterprise and national economic level alike there is a spontaneous tendency for decision making levels to creep upward there is a need for a coordinated system of conscious measures to see that decision rights (and obligations!) are again decentralized to the level ensuring the greatest useful flexibility. There is a need for and the possibility of a decentralization of decision making authority in the plants, especially in the internal organization of trusts and large enterprises, but this is also needed in the shops and plant sections where restoring the former authority of the foremen could greatly increase the ability to carry out good initiatives.

But the decentralization of decision making authority only provides a possibility; it will not initiate, much less force, the necessary initiative and risk taking. This requires suitable motivation also. Not to deny the outstanding importance of positive material incentive, we should not forget about negative material incentive either (running at a loss, decreasing premiums or even wages, termination, etc.). In addition to material motivation a no smaller role can be played by the frequently neglected human incentives such as the feeling of success, the spirit of competition, pride in accomplishment, the trust of superiors and subordinates, etc. It is well known that in general the capitalist corporations are led by paid managers for whom human motivations have a greater role in success than direct material interest. I believe that a more conscious appeal to human factors and ensuring the conditions for the realization of useful aspirations might contribute to a crucial degree to raising the competitiveness of our economy to the world level.

#### Consciousness in Cadre Work

It is primarily the leadership, the quality and suitability of the leaders, which determines the success of enterprises and cooperatives, the effectiveness of their work. There are many examples where the work of an enterprise, plant or shop, which had been working poorly for a long time for "objective" reasons, improved virtually overnight with the assignment of a suitable leader. Unfortunately there are also examples where an enterprise or unit which had been working well earlier swiftly deteriorated or fell apart under the leadership of a bad leader.

In a capitalist economy leadership selection takes place in the smaller enterprises in a "spontaneous" manner as a result of the prosperity or bankruptcy deriving from the objective value judgment of the market. In the larger enterprises, which usually operate as corporations, the value judgment of the market is supplemented, in naming or firing leaders, by the value judgment of the controlling stockholders, usually a small group of owners. So "humane" considerations are hardly realized in the selection and termination of the managers.

In the practice of our cadre work, on the other hand, the justified humanism deriving from the basic human-centered nature of our society frequently lapses over into its opposite, a pseudohumanism, because we have regard only for the person of the leader so we are "humane" to him even when hundreds or even thousands of subordinates suffer disadvantages and cannot realize their potential because of his unsuitability.

It is extraordinarily important that a properly interpreted consciousness be realized in the appointment and exchange of leaders. This must be based on objective criteria, primarily the performance delivered. But there is also a need



for certain automatism in cadre work. For example, it would be useful to state that the top leaders of enterprises which run at a deficit must be removed automatically and that in suitable cases they could again be entrusted with leadership tasks only for a definite time after individual consideration.

It continues to be absolutely necessary to fully realize the triple requirement in connection with leaders. But the interpretation of leadership ability or suitability must be modernized because without competitive leadership there cannot be competitive production either. So when selecting a leader the primary consideration must be whether he is capable of carrying out the given task at an outstanding level. What is now needed for this, in place of the earlier one-sided technical bias, is a leadership attitude and ability of the manager type which combines these and is market oriented. It is indispensable that the leader know not only the given plant or domestic practice but also the world level in regard to technology, organization and development. He must be enterprising and creative and capable of collective work, of guiding the collectives and of selecting the best colleagues, must have good organizing ability and be willing to work.

The most reliable measure of the consciousness of leadership is the level of cadre work.

8984

CSO: 2500

OFFICIAL NOTES CONDITIONS IN MACHINE INDUSTRY

Budapest MAGYAR HIRLAP in Hungarian 5 Oct 80 p 5

[Interview with Bela Rabi, state secretary for the Ministry of Metallurgy and Machine Industry, by Ilona Kocsi--date and place not given]

[Text] Bela Rabi was born in 1929, his first trade was that of a locksmith. He finished his university schooling in economics in the Soviet Union, and then he was employed at the Csépel Works in various areas of work in economics. He then moved to the National Planning Office, where for a number of years he worked as industrial group leader. He has been with the Ministry of Metallurgy and Machine Industry for 5 years, first as deputy minister and then for 2 years as state secretary. He is a member of the Budapest Party Committee.

The Hungarian economy and all its branches are nearing the end of a 5-year period that has been filled with changes. Following accelerated growth, the creation of economic equilibrium was given first place on the scale of tasks in the second half of the plan period.

How did the machine industry make it through the more difficult periods of the Fifth Five-Year Plan? How did the machine industry enterprises react to the modification in regulators which occurred a number of times? In what direction did profit move, the sensitive "instrument" which measures the efficiency of the economy? Ilona Kocsi, a staff member of our newspaper, talked about these things with Bela Rabi, the state secretary of the Ministry of Metallurgy and Machine Industry.

[Answer] We have never known such a varied and eventful 5 years. I can say this in a good and bad sense. At the beginning, most of our enterprises exploited the upswing that was evident both on the world market and at home. But beginning in 1978, prosperity was swept away by the recession, and domestically there was a reduction in investments. The effects were evident at first only in sales that grew more difficult, and enterprises tried to counter the narrowing of the domestic investment market by increasing their exports. This year, however, certain capacities of various managing units remained unused.

[Question] To a certain extent we can defend ourselves against the unfavorable effects: we need more flexible reactions and, accordingly, a structural change....

[Answer] In the machine industry the key words today are: the important tasks. But public opinion expects spectacular solutions, and frequently it links the closing of plants and the opening of new ones to structural changes. And yet we are dealing with considerably more ordinary tasks. The elimination of old products fits just as well into both the concept of flexible adjustment and lesser modification. If, for example, a refrigerator will have in the future a different form and color because this is what the buyers put value on, this represents to a certain extent a flexible adjustment, or, if you wish, structural modification. With this, of course, I merely want to say that modernization has also begun in the Hungarian machine industry, but the greater results will become evident only later. In the manufacture of public road vehicles, we realized a central development program in the past two five-year plans--we are now reaping the results. But in the machine tool industry there were significant developments only in the current plan period, and we will feel the effects later. The machine tool industry is capable of manufacturing the most modern type of numerical guidance NC, CNC machinery but cannot meet the demand. The task exceeds its resources.

[Question] But perhaps the trouble is with the speed. Structural transformation is successful in the final analysis only if it is carried out in time...

[Answer] This is how it is in the machine industry, too. As an example I shall cite three enterprises of the metalware industry: Lampart, the Firearm and Gas Equipment Factory, and Elzett Works. Market demands do not cause us problems but rather the management of enterprises. They were unable to adjust their product structure adequately and in time to demand, or to develop their capacities. Flexible and rapid reaction can be achieved only with a very significant development in market work. Where they have recognized this, they have discovered the upward-arching course even under difficult circumstances; where they have not found it, development is slowing down. Of course, reality is considerably more complicated than this somewhat simplified description of the situation. I cannot say that the market work of these enterprises--the Ganz Electric Works, the Hungarian Ship and Crane Factory, the Lang Machinery Factory, etc.--is bad. But their products can be marketed only with credit: whoever offers the most favorable conditions and the longest repayment terms wins the competition. And this does not depend on enterprise work but on credit-extension possibilities in the country.

And since we are now pointing to examples, the United Incandescent is known for products it has successfully introduced on the market and its modern marketing network. But recently it has found it more difficult to sell and today the problem is that the market work of the enterprise has also become more difficult. It was unable to shape production costs in accordance with competition and the internal production management is lagging behind requirements. With this I do not mean to say, of course, that United Incandescent is a bad enterprise, only that a momentary omission, a slowing down can cause troubles even for a well-functioning firm.

[Question] All in all, what can we expect by the end of the Fifth Five-Year Plan, the fulfillment or the nonfulfillment of the plan?

[Answer] The production value of the machine industry will not achieve the annual average growth rate of 9.3 percent called for in the plan. At comparable prices, development up to the end of the past year comes close to the 6.3 percent called

for in the plan. At comparable prices, development up to the end of the past year comes close to the 6.3 percent called for in the plan, but in 1980 we can only expect to reach the past year's level. At current prices, the production of the machine industry this year will be 4 to 5 percent less than a year ago. The deviation from the plan is caused partly by the economic policy goals calling for a more moderate economic growth--as shaped following the preparation of the plan--and partly by the price and regulator modifications that came into effect on 1 January 1980.

In marketing, the following situation has developed: nonruble export must be increased almost three times as compared to the fulfillment of the previous five-year plan. The branch will fall below this target by only 2 to 3 percent, and in these 5 years it will fulfill exports worth almost one-half billion dollars. In 1977 to 1978, dollar imports grew significantly, but beginning in 1979 they declined. As compared to the foreign trade deficit of previous years, the machine industry may reach a surplus of about 90 to 100 million dollars.

Exports in ruble trade grew at a more moderate rate, but we essentially fulfilled our quota obligation, with minor shortfalls in only a few areas. Various problems cropped up in imports: we were able to import fewer and fewer of the products Hungarian industry needed. Thus the targets for the plan's socialist imports will apparently not be met.

Regarding domestic sales, I may say that for the most part we fulfilled our obligations in the contract. But there were some items which frequently were not available in the stores, and this evoked a bad reaction among buyers. These were electric boilers, gas heaters, the Mini-mat washing machine, and the heat-accumulating electric stove to mention only a few.

[Question] The plan also called for an increase in productivity. What is the situation here?

[Answer] It has developed favorably in theory but still I am not satisfied.... I believe that in the machine industry there are still too many unused productivity reserves, and too much inadequately employed manpower. The state of organization is poor in many places. A year ago we initiated a program for developing manpower management which extended to the entire branch of the industry. I hope for development in the future. I hope that by next year this too will have important results.

[Question] Regulator changes in recent years, and chiefly the modifications of 1980 brought many surprises. Many enterprises which were previously regarded as good proved to be fundamentally deficient and operating at loss. This phenomenon, to be sure, is not unknown in the machine industry either....

[Answer] Naturally, we too have faced this fact. Of course, the purpose of the changes was differentiation, that is, to put in an advantageous position those enterprises which were managing better. It is doubtful, however, whether enterprise revenues were actually differentiated accordingly, and not as a consequence of other factors also. On seeing the profits for the first half year, I may say that the economic political goals were fulfilled and we succeeded in centralizing a large share of enterprise monies. But still it provides food for thought that for 60 percent of the enterprises the profits were 50 percent below those of a

year ago, and there are more than a few units where the profits do not even come to 10 percent of last year's. For example, this is the case at Orion, Elzett and the Balofannisz Communications Technology Factory. There will also be some enterprises which will close out the year with a deficit.

To be frank, I am a bit saddened by the picture. I believed that the enterprises would discover themselves sooner and find the antidote to a decline in more efficient work.

[Question] There may also be an advantageous aspect to shrinking enterprise revenues. Many people, however, call attention rather to the disadvantage, that is, what will the enterprise use in the coming years for expansion purposes?

[Answer] The data for the first half of the year has called attention to a number of negatives, but it would be reckless of us to draw final conclusions from this. The changes regularly shocked the enterprises, a real stress situation was created.

In the second quarter the picture was clarified: the stress situation was replaced by an attitude of expectation. Certainly, many people speculated that if the revenues were too low, some kind of correction would be carried out. I think that after the second half year it will be possible to see clearly who has been put actually into a difficult situation. Apparently there will be an increase in the number of fundamentally deficient enterprises for whom it will not be possible to continue credit repayments according to earlier agreements. Here in some cases central assistance may also be unavoidable. More worrisome, however, is the fact that the enterprising spirit of the enterprises has ebbed. But even under more difficult economic conditions, only the enterprises that show initiative can count on success both abroad and at home.

6691

CSO: 2500



## HUNGARY

### ROLE OF ASSOCIATIONS IN AGRICULTURE WEIGHED

Budapest NEPSZABADSAG in Hungarian 12 Sep 80 p 3

[Article by Ferenc Biro, vice president of the National Planning Office: "Partnerships in Agriculture"]

[Text] Agricultural production, even when compared to international standards, has been significantly developed since the establishment of cooperatives, the creation of state farms and the introduction of socialist production. The branch adapted well to the country's social, economic and financial possibilities, and it has helped in solving the problems that have emerged during this time.

During less than 20 years, a socialist industrial agriculture has been created, which, is based on up-to-date technology and on extensive relations of production and marketing. During the 1960's, industrial proportions and organizations were created for the existing technology, appropriate for the material and spiritual conditions.

Through the modernization of technology, production increase and high yields, the farms are facing new tasks in construction, renovation, parts supply, storage and marketing which they find hard to deal with despite continuous production management.

It has already been mentioned several times that most of this kind of essentially service activity should be done, on the basis of orders from cooperatives and state farms, by special non-agricultural enterprises organized in other branches of the national economy.

#### Many Kinds of Advantages

It has become a historical fact that industrial plants and enterprises were created for the manufacture of farming equipment, machines, chemicals and other things. On the other hand, enterprises that help agricultural production with various producer services, were not established in other branches of the national economy, partly because of financial managerial reasons and partly because of certain attitudes. For this reason, it was the large agricultural plants with a few exceptions, which had to organize the supply to meet demand. Thus cooperations, production systems, joint enterprises and farm industrial partnerships--in summary, economic partnerships--were established through the joining of a few cooperatives and state enterprises. At present, about 700 economic partnerships are operating in the country.

A large part, about 76 percent, of the partnerships were created for goals that can be achieved in the foreseeable future.

Characteristically, no independent or separate and large managerial or administrative organization was developed; instead, one of the partners takes care of administration with its own organization, on the basis of the management body's decisions. This includes the organization and implementation of management, administration and other things. Consequently, these partnerships are not independent legal entities.

The rest, i.e., almost one fourth of the economic partnerships, are joint enterprises with independent legal status. Their common characteristic is that they are organized for carrying out longer-range tasks the extent of which is generally undetermined. On the basis of the decisions of the managerial bodies that are made up of representatives of the partner enterprises, independent organizations of leadership, administration and management are established, which are separate from the partner enterprises and which have their own bank accounts. Most of their assets--resources--needed for their operation are supplied through contributions by the partner enterprises.

It is a great advantage of the economic partnerships belonging to both circles especially those belonging to the first one is that they are very expedient. When they reach their goal, they either stop their operations or find new goals. In the latter case--and this is more frequent--there is a great probability that not all partner enterprises will have an interest in the realization of the new tasks. On the other hand, there may be enterprises which hitherto have not been included that are willing to join the partnership.

Thus the possibility exists for enterprises which have no more interest in further participation to leave from these partnerships, and for others which find it justified and worthwhile to join them. From this aspect, the partnership is an exceptionally flexible economic form which adapts well to the possibilities. All of this favorably affects the efficiency and stability of the participating enterprises and cooperatives.

#### According to Interest

It is well to note that all state farms and 95 percent of the cooperatives belong to economic partnerships. Most of them join, according to their interests and even more than one partnership simultaneously. About 1,500 large agricultural plants are identified in more than 7,000 partnership relations in the various associations.

It is apparent that those activities in which a joint effort boosted the efficiency of production increase, processing, marketing and service for the public, drew larger numbers of partnerships. The number of partnerships in construction, industry and trade created mainly for construction related to farming is smaller. These help farm production in part directly, e.g., through manufacturing spare parts for farm equipment and repairing machines, and in part indirectly, e.g., through filling orders from industrial plants. The distribution of the economic partnerships' activities is as follows: farming 35, food processing 21, public service 20, construction 8, industrial 6, other 11 percent.

The advantages of economic partnerships were recognized primarily by well managed and strong cooperatives and enterprises, and in their own way are trying to make the most of them. On the other hand, many large plants which are less profitable--because of unfavorable farming characteristics--do not exploit these possibilities or do it [only] to a smaller extent. Whereas the latter are precisely the ones which could be helped most by the partnerships because of their economic situation.

Evidently, there are also a few good examples of this in the country. Among others, for example, the Petofi cooperative of Dunavarsany, the Mitchurin cooperative of Dancsentsiklos, the 15 March cooperative of Hernad and others which, in spite of their unfavorable farming characteristics, achieved outstanding results in production for years. This results partly from the fact that they are active participants and even organizers of the various economic partnerships.

#### Increasing Requirements

The economic partnerships have improved greatly in recent years. Their assets are worth almost 18 billion forints. The efficiency of their operation can be evaluated in both direct and indirect ways. Based on their results of last year, for example, their profits proportional to the engaged assets exceeded 15 percent. On the other hand, the indirect effect of their activity is manifest in the results of the member cooperatives which created the partnerships: the cooperatives, state farms and enterprises. It is rather well known: one of the best results of the spreading of production systems is that through economic means they almost forced the overwhelming majority of the participating farms to have labor discipline and a targeted, professional and well-managed production.

It is also apparent that those economic partnerships which proved to be more efficient and able to survive were those which did not alienate themselves from the member enterprises and the fundamental goals which contribute to a more efficient management of the partners.

In farming and even in food production it is not expedient at present to further increase the size of average or larger plants. In addition to size and the stabilization of independent enterprises, it would be much more suitable to better exploit the possibilities of cooperation between cooperatives and enterprises. The requirements for economic efficiency are increasing in food production and also marketing. The agricultural and food industry plants and marketing enterprises can meet these requirements more efficiently if they strengthen their relations and broaden their wide-range cooperation.

A big advantage of economic partnerships active in food production and marketing is their variety, which can help make better use of natural and economic possibilities. Thus it will be well to conserve this variety of cooperation in the future as well.

#### Important Requisites

It can be foreseen based on experience that the various types of production systems which efficiently help member farms in one or another production branch will continue to play a significant role.

It is also necessary to further increase cooperation in food processing and marketing. It would also be well to better examine how one could promote the expansion and export of foreign trade commodity funds through the whimsic characteristics of cooperation, for instance with the formation of foreign trade associations.

Through the development of farming more and more modern machinery and production equipment is reaching the farms. Overhauling and major repairs on these, and the organization of spare parts supply by individual plants costs a great deal of money and is not uneconomical. Evidently, the state trust--and its enterprises--which have been established for this purpose are the ones that can do the most to improve spare parts supply. But this, too, could be made less expensive and more efficient in a wider circle through expedient cooperation.

The initial results in agricultural partnerships are encouraging. Based on their results, it is very probable that the cooperation of large agricultural and food industry plants will increase in the long run, which makes possible to more sensibly locate production resources and to develop these resources more smoothly without further fusions and mergers of cooperatives.

I consider it is very important to bear in mind the practical experience that successful cooperation requires a coordination of real economic interests, respect for mutual interests and organizational and economic independence of the participants.

9414

CSO: 2500

STRIKES FORCE CUTS IN COAL DELIVERIES TO FINLAND

Helsinki HUFVUDSBLADET in Swedish 24 Oct 80 p 14

[Text] Poland will not be able to deliver the amount of coal agreed on this year. This is because Polish coal mine strikes have led to a sizable decline in coal production. Due to the decline in Polish coal production Finland will be forced to import coal from other countries, including the United States.

This year it was agreed to import around 4.5 million tons of coal from Poland. At this time neither the power plants nor industry can tell how much of the quota will remain unfilled.

"Imatran Voima was signed up for 1.8 million tons. This quota has been reduced by 200,000 tons which the company must import from the United States," we were told at Imatran Voima. The 1.1 million ton quota for the city of Helsinki will probably also fall short by a similar amount.

Industry had planned to buy around 1.8 million tons of coal from Poland. When the strikes broke out, 0.6-0.7 million tons had not yet been delivered according to managing director Richard Waller of the coal consumers' cooperative.

So far industry has purchased 150,000 tons of coal from the United States. Ships have also been sent to Poland to await coal deliveries which are coming in slowly with no definite timetable for coal shipments at present, Waller said.

"But the situation is not grave, there is enough coal in stock to last about 6 months," Waller added. He went on to say that the major problem is getting ships reinforced for ice passage if we have to import coal in the winter.

The power plants and industry will need supplemental deliveries of between 0.5 and 1 million tons depending on how much the Poles can deliver.

Waller said there is plenty of coal in the world and there is no problem getting the coal needed. Coal is available at reasonable prices from the United States.

Since the distance traveled is greater, freight costs will also rise sharply. And not all coal ports can be used to unload these shipments since larger ships are required for long-distance shipments.



# IMPORTANCE OF PROFITABILITY IN ECONOMIC SPHERE

Bucharest ERA SOCIALISTA in Romanian No 19, 5 Oct 80

[Article by Dr Gheorghe Sica, director in the State Planning Committee]

[Text] The concept of profitability has its origin in the requirements for action of the objective economic laws and expresses the ability of an economic or social-cultural unit to produce a net income for society. It is known that social-economic development at sustained rates requires assurance of an appropriate broadened reproduction, concluding of the money-goods-money economic circuit under conditions of recovering the expenses made in the production process and in obtaining a profit which, through the multiple jobs it has in the economy, in turn serves the cause of development.

Defined as the ratio between profits and costs, the rise in the rate of profitability is essential as the major goal in technical-economic activity, a basic need for resuming production on a greater scale and satisfying the general needs of society. The level of a socialist enterprise's profitability characterizes the extent to which it contributes to the country's progress. On the other hand, the lack of profitability of an enterprise is an alarm signal, a reflection of technical, economic or organizational defects.

During a certain period the thesis mistakenly was sustained that in socialism, as long as the profitability of the national economy as a whole is assured it is not absolutely necessary to achieve profitable activity at all levels and in all the economic links. But, to keep some unprofitable enterprises and products harms the process of development of the national economy and is incompatible with the nature and goals of socialism. As Comrade Nicolae Ceausescu said at the broadened plenum of the National Council of Workers on 13 June 1980, "It is necessary that we well understand that there is no sector of activity and of material production and, in general, human activity which should not take place on the basis of the principle of maximum efficiency, including economic efficiency and profitability."

As a very complex overall indicator of economic efficiency, profitability reflects the action of a series of factors, among which the most important are the following: reduction in production costs, volume, structure and quality of production, level of sale prices, speed of rotation of capital. Reduction

in production costs and rise in the volume of production and level of prices act directly on the rate of profitability, bringing a rise in profits or net income included in the production price. Improvement in the structure of production and its quality, faster speed of rotation of assets and, in general, efficient use of the means of production act indirectly on the rate of profitability, affecting the action of direct factors positively, however.

Without going into detail, we mention that the rate of profitability may be determined in two basic ways; they are depending on the production cost and depending on total production capital advanced by society (fixed and circulating). As the ratio between profits and costs, the calculation of profitability proceeds from the level of production expenses (total and material) which, subject systematically to a reducing action, is a sure and healthy way to increase society's net income. The calculation of profitability as the ratio between profits and total production capital advanced by society takes into consideration more completely the effort made by society in the economic-technical processes and takes into account the degree to which various branches and subbranches are supplied. We feel that in order to get a more complete picture of the efficiency of economic processes, the workers' councils in the economic units should analyze the evolution of profitability calculated on the basis of both methods.

Regardless of the theoretical or methodological considerations in calculating profitability, judgment of the economic processes through the prism of the results obtained is required as an objective requirement. In this stage, when we are applying the new economic-financial mechanism and when the Romanian economy is modernizing its structures, profitability and economic efficiency should be assured at the level of each enterprise as well as at the macroeconomic level, both in the immediate future as well as for a longer period of time.

The increase in the technical, material and human potential of our socialist units, together with the creation of a broadly democratic framework to lead it, have demanded as an objective need the introduction of a mechanism which would provide use of production capital placed at their disposal by society under conditions of higher efficiency.

In this context, a special role has been given to profit as a main resource for the participation of each unit in the general development of society, for self-financing of economic activity and material incentives for the workers' collective. The opportunity to establish one's own capital from profits for financing the extending and modernization of production capacities, the increase in circulating resources, social-cultural expenses and housing construction, to establish a fund for worker participation in profits in proportion to the contribution made to obtaining the general results of the unit in itself proves the importance in obtaining as large a profit as possible and in increasing the profitability of all economic activity. The party documents very seriously draw attention to the fact that under the conditions of applying the new economic and financial mechanism there should be no sector of material production in which activity does not have at its base the principle of maximum efficiency and of continually increasing profitability.

Primarily, this means that each economic unit should organize its activity on the principles of self-management, worker self-leadership, while its own budget of incomes and expenses should be used as the main tool for practical implementation of the particular principles. Both in the stage of working out the plan as well, in particular, in the activity of seeking to fulfill it, each enterprise must weigh very well with what material expenses and labor force it is achieving production and should adopt the most proper measures which would assure a powerful increase in the value of net production. The leadership councils of the economic units and all labor collectives are obligated to take action to achieve the planned physical production under conditions of increase in efficiency and profitability in order to satisfy the general interest as well as in their own interest. In this regard the units' financial organs play an important role and they are called on to aid the workers' councils in carrying out activity on economic principles and not to advise on any expense which is not efficient from an economic viewpoint. The demands of the current stage require that the entire banking apparatus and central, county and local financial control apparatus should exercise their duties and role in carrying out control over expenses and establishing the measures which must be taken to increase efficiency and profitability in all the Romanian economy.

Worker self-management, as a major demand, means shortening the terms for paying back the capital entrusted for management to society. For this it is necessary that "the production-good sold and received" should develop at high rates and continually should be under the critical observation of the decisionmaking factors in the economic units, since only in this way does the money-goods-money cycle close and is the net income obtained which is needed for the enterprise and for society as a whole.

If we examine the evolution of this indicator, we find that in 1979 (a year for which we have available final data) the enterprises belonging to the Ministry of Forestry Economy and Construction Materials fulfilled it by 100.9 percent, those of the Ministry of Light Industry--100.1 percent, the industrial enterprises belonging to the county people's councils--by 108.2 percent. In exchange, in the same year the enterprises belonging to the Ministry of Machine Construction Industry only fulfilled production-good sold and received as planned by 93.5 percent, while those of the Ministry of Agriculture and Food Industry--91.3 percent. Clearly, under these conditions neither the profits nor the planned net income were fulfilled.

Along with the physical production and net production, the production-good sold and received is an indicator which reflects both covering a social requirement of real consumption as well as rotating speed of the capital by closing the economic circuit and satisfying the demands for economic management. That is why a basic goal in technical-economic activity in the enterprises is that there should not be differences between the volume of production-good manufactured and the volume of production sold and received, or they should be minimal. Then and only then can worker self-management fully assert itself. This requires permanent concern with obtaining orders and having available "order portfolios" with firm short-term and long-term economic contracts. But this involves a systematic and efficient search of

the domestic and foreign market with scientific resources and techniques. Unfortunately, there still are many cases where there is production without assured sale, which means that there are rather large differences between the indicator of "production-good" and the indicator of "production-good sold and received." A single example: Last year the production-good of the units under the Ministry of Agriculture and Food Industry was 10.7 percent larger than in 1978, while the production-good sold and received rose only 8.1 percent. As a result, 2.6 percent, which amounts to many hundreds of millions of lei in absolute figures, remained in stock, blocking warehouse space and tying up large circulating resources.

The level of total costs and, separately, the material expenses per unit of product are another element which determines profitability. Putting all the factors leading to a reduction in production costs into movement--from the increase in labor productivity, scientific organization of production and work, raising the quality of products, reduction in material consumption, reuse of recovered resources, improvement in utilization of fixed capital to drawing the internal reserves specific to each unit separately into economic circulation--can contribute massively to increasing profitability. Materialization of the measures in the programs to reduce costs and adoption of technical-economic decisions taking into account the restrictive conditions imposed by costs are endogenous elements of profitability.

It is a positive fact that in 1979, under comparable conditions, the level of costs per 1,000 lei production-good, for enterprises in national industry as a whole, was 8.2 lei less than in 1978 for total expenses and 5.6 lei for material expenses. Territorially, eight counties as well as Bucharest Municipality achieved large savings over the plan forecasts. However, a large number of industrial centrals, particularly in the chemical industry and machine construction industry, did not fulfill their plan to reduce costs. Similar results as a trend also were recorded in the first half of 1980.

Worker self-management also involves a critical analysis of the factors hindering the growth of profitability so that this major goal of economic-technical activity should be fulfilled under the best possible conditions.

Accelerating the speed for reaching the technical-economic parameters for the enterprises and new sections is a way to increase profitability in the economy. It is not a "fatality" that any new enterprise should reach the parameters of the documents which were at the basis of the documents within two years, as is customary now. Difficulties in the initial production phases may and should be overcome faster so that the new unit can cover its expenses, obtain profits and effectively contribute to increasing the national income.

Some data we have available show that in the first quarter this year the technical-economic parameters were reached at the Wire Rolling Mill No 3 at the Hunedoara Iron and Steel Combine, the Neferal Enterprise in Bucharest (section of hardboard), the Piatra Neamt Wood Processing Combine (furniture and panel factory) and many others. At the same time, it should be noted that the planned parameters were not achieved at 72 capacities.



Taking into account the demands of the new economic-financial mechanism, the existence of products or activities with losses in some overall profitable enterprises cannot be tolerated, either. This situation shows that some products "live" due to others and they affect the results obtained for the entire enterprise. The losses being recorded for some products are not always analyzed critically and they escape the attention of the leadership factors in the economic units. The products with losses "sift" among the profitable ones. We feel it is necessary that the list of these products always be subject to a critical, exacting analysis in the general workers' meetings and that a climate of intolerance toward them should be created. Solutions can be found which would also make these products profitable through redesign, rationalization and quality improvements.

The party leadership has drawn attention to the fact that worker self-management should be understood in a broader sense and not circumscribed only to the sphere of material production. Actually there is no activity in the social sphere which--if it truly is useful--should not propose recovery of the expenses made. For example, the units in the social-cultural area--sports clubs, movies, culture houses and even educational units--can pose the problem of obtaining incomes which would cover their expenses and even obtain a certain rate of profitability.

Of course, in order to achieve such a goal more thought and inventiveness are needed and an intensification of social-cultural actions, regular concern in the particular area, with a long-range view. The socialist state subsidizes strictly necessary social-cultural activities(hospitals, schools, social assistance units and so forth), but this does not mean that all the social-cultural units should be subsidized. It is a prestigious "calling card" for a theater or a culture house, for example, which, through the content of its activity and, in particular , through its quality, succeeds in living on "its own feet" and covers its expenses and also obtains profits. From the economic and social viewpoint, such an activity truly is positive.

The problem is posed even more sharply in the sphere of services provided to the population, in the subbranch of public food service and other areas. Here there is an urgent need to take action so that incomes cover expenses and that profits be obtained. Extending the system of commission in the commercial operations, sales of goods by mandate or shares of receipts, raising the quality of services to the population, adopting working hours which coincide with the choices of the large masses of consumers are ways which can lead to profitability for all the units in the sphere of services and public food service. Of course, the units' own contribution to reduce expenses, to increase quality and value of use of the products and services must be at the base of the actions to increase profitability.

Strengthening the national currency, assuring a healthy monetary circulation are substantiated on the principle of "equal price for equal useful effect," which means the broad mobilization of all the reserves for increasing profitability, proceeding from the efforts of the enterprises, centrals, economic and social-cultural units themselves. It is contrary to the interests of the



national economy to have some "pressure" on the general level of prices, to seek to make a certain activity profitable by price changes which do not have at their base a real increase in the quality of the products and services.

The basic coordinate of efficiency and an important goal of worker self-management, profitability in the current stage is of maximum exigency with regard to the quality aspects of activity and a criterion of reference in judging technical-economic processes.

8071

CSO: 2700

ROMANIA

GROWTH OF STANDARD OF LIVING TRACED OVER 30-YEAR PERIOD

Bucharest REVISTA ECONOMICA in Romanian 26 Sep, 3 Oct 80

[Article by Dumitru Ciucur and Constantin Popescu: "The Growth of the Standard of Living - The Supreme Goal of the Party's Policy"]

[No 39, 26 Sep 80, pp 13-14]

[Text] A realistic, lucid analysis of the results obtained by our country in economic-social development and in raising the material and spiritual standard of living of the people must include the truth as a fundamental trait, as has been vigorously and consistently stressed by the secretary general of the party. According to this concept, everything that has been accomplished in socialist Romania represents "...the result of an unprecedented, heroic effort of our people who, as masters of their own fate, proposed to eliminate in the shortest possible time their backwardness and to ensure a dignified, happy and free life through their work and not on the backs of others."<sup>\*</sup>

The successes obtained by our people during the years of socialist construction demonstrate through the firm power of deeds that socialism, by liberating man from oppression and exploitation, placing socialist property over the means of production and developing in a planned manner the entire national economy, created for the first time in history a new awareness for the members of society, an awareness that their labors determine the general progress of society and the welfare and happiness of each member of society.

---

<sup>\*</sup> Nicolae Ceausescu - "Speech at the Second Congress of the People's Council," Politica Publishing House, Bucharest, 1980, p 41.

## Fundamental Economic Correlations

The experience of building socialism in Romania demonstrates the fact that at the foundation of raising the quality of life, as projected over a long period of time, there is a scientifically substantiated distribution of the national income to the investment fund and the consumption fund. In this regard, special attention has been given to ensuring a high rate of investments, a strategic option of great significance that has created the favorable context for building the technical-material base of the new order and for harmoniously distributing the forces of production throughout the country (see Table No 1).

Table No 1

The Intensity and Efficiency of Development Efforts During the Period 1950-1980

Indicator	1950— 1965	1966— 1980	1950— 1980
Rata medie anuală a acumulării (%) (1)	19.5	32.1	25.7
Volumul investițiilor (miliarde lei) (2)	362	1 840	2 192
% din total	16	84	100
Fondurile fixe totale (miliarde lei) (3)			
la sfârșitul perioadei	517	1 830	1 313
— spor mediu anual (miliarde lei) (4)	20.6	93.5	36.1
Numărul locurilor noi de muncă (milioane persoane) (5)	2.2	3.2	5.4
Venitul național (6)			
— pe locuitor (lei) (7)	7 470	27 000	2 760 27 000
— spor mediu anual (mld lei) (8)	5.4	22.4	17
Numărul județelor cu o producție globală pe locuitor (lei) până la 35 000 (9)	13	—	—
15 000—70 000	1	27	—
peste 70 000 (10)	—	12	—

### Key:

1. Average Annual Investment Rate
2. Volume of Investments (Billions of Lei)
3. Total Fixed Assets (Billions of Lei at the End of the Period)
4. Average Annual Increase (Billions)
5. Number of New Jobs (Millions of People)
6. National Income
7. per Inhabitant (Lei)
8. Average Annual Increase (Billions of Lei)
9. Number of Counties With a Total Production per Inhabitant (Lei) up to 35,000
10. Over 70,000

As shown in the table for the period 1950-1980, there was an average rate of investment of 25.7 percent. This significant volume of funds was expressed in the growth of the volume of fixed assets in the national economy from 517 billion lei in 1965 to 1,950 billion lei in 1980, which represents an increase in fixed assets of 1,433 billion lei, or nearly 75 percent of the entire 30 year period (1951-1980).

The concern for the allocation of an important part of the national income for development, concomitantly with the rational distribution and the use of all resources with a maximum of efficiency for increased production, resulted in a continuing increase in the growth of the national income. Thus, compared to the 111 billion lei that represented the growth of the national income during the first 15 years of socialist construction, during the 1966-1980 period the figure was over 400 billion lei, which represents approximately 80 percent of the growth obtained during the entire 1951-1980 period. Reported in terms of the population, the national income per inhabitant increased from 7,670 lei in 1965 to over 27,000 lei in 1980, while there was an increase in economic strength of one percent in its average annual rate of growth, a fact which shows the ever greater efficiency of the economic-social development efforts. The figures show that if during the 1966-1980 period, for example, the rate of investment that been only approximately 25 percent, national income would have increased at an average annual rate of 7 percent instead of 10 percent and the consumption fund would have increased at a rate of only 4 percent compared to 7.4 percent. This would have meant that the volume of fixed assets at the end of the current five year plan would have been approximately 600 billion lei less and the total consumption fund would have been decreased, in turn, by approximately 600 billion lei.

In accordance with the demands for continuing to raise the standard of living and improving the quality of life for everyone, the strategy of optimizing the investment rate includes, in addition to a correct sizing and distribution of the development efforts according to objectively determined priorities at each stage, the use of each leu spent with a maximum of efficiency. In this sense, at the Enlarged Plenum of the National Council of Workers, comrade Nicolae Ceausescu pointed out that "we must permanently pursue the economic efficiency of investments, their use within planned timeframes and the achievement of a just relationship between investments to be started and the ability to carry out these investments within a year so that materials and manpower are not immobilized and the start-up period is shortened."

The concern for an increase in the results of labor, for the full and maximally efficient use of all existing machinery and equipment, for the higher, intensive use of the land, raw materials, fuels and energy, and for the increase in the profitability of economic units must be placed in the center of the concerns of all those involved in the economy and all workers.

The 12th Congress of the Romanian Communist Party established as the fundamental objective of the next decade the radical transformation of investments, that have been primarily quantitative in nature, into a new, superior quality so that "all our economic activities will be carried out with the highest efficiency, ensuring the continued growth of national wealth, the certain and sole base for the continuing development of the country and the improvement of the well-being of the people." This constitutes the final condition for carrying out the strategy of the Romanian Communist Party for optimizing economic-social development in full accordance with the interests of rapid and multilateral progress and with the full affirmation of our people's independence and sovereignty in the ranks of the nations of the world. Elaborated with the direct participation of the workers and carried out through the conscious activity of all our people and having as a supreme goal the well-being and happiness of those who live and work in the land of socialist Romania, the strategy of accelerating the economic-social development of our country is the clearest proof of the revolutionary humanism of our socialist order, a society that is being built with the labor of its people for their good and happiness.

#### The Undeniable Strength of Facts

The evolution of the principal indicators that characterize the growth of the standard of living during the 1950-1980 period, covered in Table No 2, shows the fundamental lines of the policy of increasing the standard of living as promoted by the party and the results obtained during this period.

Table No 2

#### The Dynamics of the Principal Standard of Living Indicators

Indicator:	1950	1965	1980	1980 1950
Retribuția reală netă a personalului muncitor lei/lunar (1)	337	1028	2228	6,7 (3)
spor absolut (lei) (2)				
	1951-1965	1966-1980		
	691	1228		
Retribuția muncii lei/lunar (4)	161	613	1425	8,8 ori
	1951-1965	1966-1980		
spor absolut (lei)	452	812		
Retribuția reală — total personal (5)	100	225,6	422,6	4,2 ori
Veniturile nominale nete ale (cărărilor) obținute din muncă în CAP și din gospodăriile personale, pe o persoană activă (deținator) (6)	107	495	1290	7,7 ori
spor absolut (lei)	328	795		

[Table No 2 continued on next page]



Veniturile obținute de populație din fondurile sociale	215	1204	3003	17 ori
de consum ce revin în medie pe un locuitor lei/anual (7)	1950—1965	1966—1980		
spor absolut (lei)	980	2462		
Deaf. de mărfuri cu amănuntul prin comerțul socialist (miliarde lei) (8)	12,1	83,7	214,0	18 ori
spor absolut (miliarde lei) (9)	1951—1965	1966—1980		
	81,6	151,2		
Consumul mediu anual pe locuitor (10)				
— carne și produse din carne kg. (11)	16,7	26,6	62	3,7
spor absolut (kg)	1951—1965	1966—1980		
	9,9	33,4		
— lapte și produse din lapte (inclusiv untul) lit (12)	107,6	105	200	1,9
spor absolut (liter)	1951—1965	1966—1980		
	— 2,8	93		
— ouă bucătă (13)	50	113	270	4,6
spor absolut (bucătă)	1954—1965	1966—1980		
	38	136		
— zahăr și produse din zahăr (kg.) (14)	6,9	15	30	4,3
spor absolut (kg)	1951—1965	1966—1980		
	8,1	15		
— legume și produse din legume (kg.) (15)	65,6	75,3	160	2,4
spor absolut (kg)	1951—1965	1966—1980		
	9,7	84,7		
— fructe și produse din fructe (kg.) (16)	20,7	26,7	63	3
spor absolut (kg)	1959—1965	1966—1980		
	9,0	36,3		
— treacături (inclusiv conferți mp (17)	13,19	16,38	29	2,2
spor absolut (mp.)	1951—1965	1966—1980		
	3,07	12,74		
— încălțăminte perechi (18)	0,62	1,97	4	4,5
spor absolut (perechi)	1951—1965	1966—1980		
	1,35	2,03		
Prestări de servicii către populație (miliarde lei) (19)	2,7	9,4	42,9	13,8
spor absolut (miliarde lei)	1951—1965	1966—1980		
	6,7	13,5		

**Key:**

1. Average Net Salary of the Worker, in Lei/Month
2. Absolute Increase (Lei)
3. Times
4. Minimum Salary, in Lei/Month
5. Real Salary - All Personnel, in Percent

[Key continued on next page]

6. Nominal Net Income of the Peasantry Made While Working in Agricultural Production Cooperatives and on Private Plots, per Worker (Lei/Month)
7. Income Made by the People from Social Consumption Funds, in an Average per Inhabitant (Lei/Year)
8. Retail Sale of Goods through Socialist Trade (Billions of Lei)
9. Absolute Increase (Billions of Lei)
10. Average Annual Consumption Per Inhabitant
11. Meat and Meat Products, in Kilograms
12. Milk and Milk Products (Including Butter), in Liters
13. Number of Eggs
14. Sugar and Sugar Products, in Kilograms
15. Vegetables and Vegetable Products
16. Fruits and Fruit Products
17. Textiles, including Clothes, in Square Meters
18. Shoes, in Pairs
19. Services for the People (Billions of Lei)

As shown by the above data, the growth in the salaries of workers and peasants has been the principal means of increasing the standard of living. This year, compared to 1950, the average net salary for workers is 6.7 times greater.

In comparing the two periods of socialist construction, the data show a much greater increase in the average net salary during the 1966-1980 period, of approximately two-fold compared to the first 15 years, 1951-1965, or 691 lei to 1,228 lei. This is an accurate reflection of the results of an impetuous development policy for the forces of production and the decisive branches of the economy, and a sustained growth of national wealth and national income.

[No 40, 3 Oct 80, pp 13-14]

[Text] On the basis of an accelerated development of the forces of production, we have carried out in our country a broad process to improve social relations, to further socialist democracy, to establish the norms and principles of socialist ethics and equality in all social affairs, to raise the material and spiritual welfare of the people to a constantly higher level and to fully affirm the human personality. Within this context, an ever more important role is being played by the law for the payment of salaries according to the work done, expressing the relations between the members of a socialist society, relations that are formed in connection with the creation and distribution of that portion of the social product, the national income, slated for individual use according to the quantity, quality and social importance of the work done.

In the spirit of socialist ethics and equality, the realization of individual interests is conditioned by the each person's participation in the growth of the volume and efficiency of social labors and in the realization of the premises necessary to carry out the purpose of socialist production. The payment of salaries according to the work done thus provides to the highest degree the material incentives for the workers, blending together personal economic interests and the fundamental ones of society.

Our party's economic policy consistently pursues the closest correlation of incomes with each worker's contribution to economic-social activities and with the opportunities offered by the growth of the national income. In such a view, throughout the years of building a socialist society, our party has constantly pursued a policy so that, to the degree of the continual increase in national income, an ever more significant part of the general consumption fund could be allocated to the individual consumption fund. Significant in this regard is the growth of the average net salary of the workers (lei per month) from 337 in 1950 to 1,028 in 1965 and 2,256 lei in 1980, or 6.7 times greater in 1980 than in 1950.

Working in the spirit of social equality and rights, our party has ensured a more accentuated and rapid growth of the smaller incomes. For the entire 1950-1980 period, the minimum wage has increased 8.8 times over, more than the rate of growth of the average net salary or, in other words, faster than the larger incomes.

From the analysis of the absolute increase for the two 15-year periods, we see that in the last decade and a half the size of the increase was 812 lei, or approximately twice as great as the first three five year plans. Such a trend demonstrates our party's consistent concern, especially after 1965, in order to achieve an equitable relationship between large and small incomes. If in 1950 this relationship was approximately 23 to 1, and in 1965 10 to 1, currently it is 5.5 to 1.

Without achieving a leveling of incomes, the relationship currently achieved ensures both a personal, efficient material incentive for all workers in relationship to the quantity, quality and social importance of the work done, and respect for the principles of socialist ethics and equality in the distribution of the individual consumption fund. At the Second Congress of the People's Councils, comrade Nicolae Ceausescu once again stressed the necessity of much more substantial increases in the smaller incomes, also increasing proportionately and appropriately the larger incomes, within the limits of this relationship. "Certainly," comrade Nicolae Ceausescu stressed, "we understand that there must be a difference in the salaries according to the type of work and its quality. This difference

exists and we must maintain it, but it must be in the spirit of communist principles and ethics and in relation to the work done, and it must not exceed certain limits, since it would then no longer be within the realm of socialist and communist principles, but would involve principles that belong to another society, one which we forever eliminated in Romania."

In evaluating the justness of our party's policy of increasing the standard of living, we must keep in mind the relationship that is created between the dynamics of workers' incomes and the evolution of prices.

For the entire 1950-1980 period, the stability of the national economy ensured a growth of salaries under conditions of a strict control of prices, which, in general, did not exceed one percent per year during this period. This development truly shows an increase in the real salary of the workers which equals an increase in buying power of 4.2 times in 1980 compared to 1950.

There several examples which illustrate that this growth in income is a real increase, and that buying power has correspondingly increased, as expressed in products of general interest.

With the wages of 1950, as the secretary general of the party has noted, one could buy 153 loaves of white bread each weighing 500 grams, while with today's salary one could buy 1,025 loaves of bread. One could buy, for example, 42 kg of pork, while today one could buy 90 kg; in 1950, 19 kg of chicken, and today 94 kg, and so forth.

Paralleling the development of the national economy at a sustained rate and the achievement of progress in the growth and modernization of agricultural production, the nominal net incomes of the peasantry has continually increased. Currently, this increase is 7.7 times greater compared to 1950, with the greatest increase, 795 lei, being recorded during the 1966-1980 period, compared to only 328 lei during the first 15 years of socialist construction. This increase of over two times in the growth of the nominal net incomes of the peasantry working on agricultural production cooperatives and private plots, per active worker, in the last decade and a half compared to the 1951-1965 period, constitutes another argument that this stage is the most fertile one in the history of the socialist development of Romania and with regards to raising the standard of living of the workers in the villages.

At the same time, it is necessary for us to stress that this increase in the nominal net incomes of the peasantry resulted in the improvement of the relationship, in the spirit of socialist equality and rights, between the incomes of the workers in agriculture and the average net incomes of workers. While in 1950 this relationship was over 2 to 1, today it is approximately 1.7 to 1.

Understanding the size of the increase in the material and spiritual standard of living of the people also requires the analysis of the incomes made by the people from the social consumption funds. The 30 years of socialist construction are accompanied by a 17 times over increase in these incomes per inhabitant, which demonstrates the major concern of our party and state to satisfy the social needs of the workers at a higher level, in parallel with the growth of national wealth and income.

While increasing the workers' incomes, our party and state has been concerned at the same time for the development and diversification of the production of consumer goods and services for the people, in this way ensuring a permanent balance between the value expression and the physical expression of the conditions for increasing the standard of living. The result of such a scientific, realistic policy is shown in the growth of the sales of retail goods through socialist trade that is 16 times greater today compared to 1950.

On such a basis, it was possible to increase the average annual consumption per inhabitant of meat and meat products, milk and milk products, eggs, sugar and sugar products, vegetables and vegetable products, fruits and fruit products, textiles, footwear and others. Here it is worth noting that the 1966-1980 period is characterized by the most substantial increases. The increase in consumption per inhabitant is over three times greater for meat and meat products, over eight times greater for vegetables and vegetable products and so forth.

In order to fill out the picture that characterizes the achievements made by our country in raising the standard of living of the people it is also necessary to analyze the evolution of the charges for services for the people, the housing units built from state funds and the pensions for social security, as well as many other accomplishments in the social-cultural fields in all the areas and localities of the country.

If we were only to pause upon the number of apartments built from state funds during the 1950-1980 period, the number is impressive, approximately two million. Similarly, the harmonious economic-social development of the country resulted in the growth of the number of cities from 148 in 1950 to 365 today, with the urban population today representing over 50 percent of the total number of inhabitants in the country.

On the basis of the great achievements made by our people in its economic-social development, the current five year plan is chalking up the most significant accomplishments. For the entire five year plan, the strongest growth in real salaries is being recorded in the history of the planned development of Romania, with this being approximately 30 percent compared



to the 18-20 percent foreseen in the Directives of the 11th Congress and the real incomes of the peasantry reaching 30 percent compared to the 20-25 percent forecast. At the same time, the current five year plan is also recording an increase in the people's incomes made from the social consumption funds of over 40 percent.

Under the conditions of the general price index of approximately eight percent, during the current five year plan an increase in the people's buying power is taking place, as reflected in the growth of the volume of good sales by 52 percent and in the rise in the average annual consumption per inhabitant of products of general interest.

Carrying out the provisions of the 1981-1985 five year economic-social development plan will permit the continuing growth of the material and spiritual welfare of all the people. According to the Program-Directive for Increasing the Standard of Living, approved by the 12th Party Congress, the total real incomes of the people is to increase in 1985 by 23-25 percent compared to 1980, with average real salaries increasing by 16-18 percent under conditions of maintaining a 5.5 to 1 relationship between the minimum salary and the maximum salary. Also in this period there will be a more substantial increase in the smaller salaries, with the minimum salary increasing from 1,425 lei per month in 1980 to 1,985 lei in 1985. Concomitantly, the achievement of a better balanced correlation will be pursued between the incomes of the workers in the cities and in the villages, so that the real incomes of the peasantry will increase by 20-25 percent.

As a result of increasing social-cultural expenditures financed from the state budget, as well as from the incomes of the economic units, for the development of education, health care, social assistance, culture and sports, in 1985 the level will reach 14,200 lei per family compared to 12,000 in 1980 and 8,780 lei in 1975.

Ever greater attention is given to the problems referring to the multi-lateral instruction - professional, political and cultural - of the younger generation and the training of cadre. In this regard, there is special significance in the Law on Education and Training and the decisions of the first Congress on Education and Training, organized at the initiative of comrade Nicolae Ceausescu, designed to provide a modern, revolutionary education closely tied to life and the needs of social-economic development. Currently, in education at all grades there are over six million children and young people. Every fourth citizen of the country is involved in an organized form of education.

Similarly, in the field of health care there is stress on the organization of prophylactic actions to identify and prevent those causes that negatively influence public health.

Against a background of maintaining strictly controlled limits on the dynamics of the prices for consumer goods and charges for services, the buying power of the people will increase, as reflected in the growth of the volume of goods sales by 30-35 percent in 1985 compared to 1980, while the volume of services will increase by 54 percent. These changes will result in the growth of the average consumption per inhabitant for products of general interest.

Parallel with the accomplishment of these provisions, the raising of the standard of living and the improvement of the quality of life of our people will also be achieved by the building of 1,100,000 apartments from the state funds, as well as by implementing the second stage of the program to reduce the length of the work week, so that by the end of the 1981-1985 five year plan the work week will be 44 hours.

"All this," comrade Nicolae Ceausescu pointed out, "speaks for itself and demonstrates strongly the fact that everything we achieve in our country is destined for the general development of the country, as well as raising the standard of living of the people -- the essence of socialist society and the essence of the policy of our communist party, which gives first priority to man and his needs, the full expression of the human personality and the realization of a society in which man fully enjoys the advances of material and spiritual civilization and is an active participant in the making of his own destiny."

8724  
CSO: 2700

WORKER SELF-MANAGEMENT IN ACTION IN MEDIAS

Bucharest ERA SOCIALISTA in Romanian No 19, 5 Oct '80 pp 4-6, 52

[Article by Teodor Moldovan, first secretary of the Medias Municipal Party Committee]

[Text] Qualitatively new and complex tasks always require raising political and organizational work to a higher level so that it contributes effectively and decisively to carrying out the economic and social options. Currently, the priority goal is the firm application of the new economic-financial mechanism and the principles of worker self-management, with its being one of the basic conditions for moving to a new quality in all areas of economic-social life, which involve the party organs and organizations and all workers profoundly and in every regard.

This requires firm orientation toward the concrete goals which concentrate the efforts of the workers' collectives in the direction of increasing net production and physical production, raising labor productivity and profits and obtaining high economic efficiency. Whether it is a question of the leadership and planning of production, of the technical and quality level of the products, of raising labor productivity or of reducing material costs per unit of product, the application of the new mechanism is synonymous with the demonstration of a powerful revolutionary spirit characterized by the effort at renewal and maximum utilization of technical and scientific creativity and by the decisive struggle against what is old and everything that is extra weight or a hindrance in the rising path of our society. The party demands that all party organs and organizations and all those who work assure more efficiency in all their activity, strengthening of order and discipline, demandingness and responsibility so that the quality factors of production are asserted in all areas of social-economic life.

Basically, to militate to fulfill this vital desirable means actually to achieve raising party work to a high level and toward this goal it is necessary to take action to raise the political and vocational competence of the communists, to improve the style and methods of work of the party organs and organizations and to strengthen their revolutionary spirit and broaden ties with the workers.

To lead at the level required by the new economic-financial mechanism means for each party organization a broad outlook open to innovation, vigorous actions to break away from outdated practices, perseverance in promoting a style of work intended to assure full utilization of the advantages of the socialist system of organizing and conducting social-economic life, intense mobilization of material and human resources and utilizing them with higher efficiency.

The Medias Municipal Party Committee proceeds from the consideration that the force of the party organizations is measured by their ability to stimulate the workers' initiative and concentrate their energies on the major problems of the development of production, material goods and to militate steadfastly to utilize the workers' collective experience and wisdom more and more broadly.

On the basis of the guidelines included in Comrade Nicolae Ceausescu's speech at the RCP Central Committee working meeting this May and the Congress of People's Councils, the municipal party committee has reconsidered its leadership activity and guidance and control activity, with the emphasis being placed on improving the style of work and development of a sense of the party organizations' responsibility in order, thus, to bring the more and more active participation of the workers, regardless of nationality, in the leadership of the enterprises and in solving the problems raised by the increase in efficiency and profitability of the production of material goods. Continuing with greater intensity are the political-educational actions intended to contribute to an understanding of the principles of the economic-financial mechanism and to formulation of a new concept of economic development from the workers so that their efforts materialize in diversified production which is of high quality and high profitability.

This actually also means to give expression to worker self-management and to continually better fructify the workers' creative and initiative ability.

The Medias municipal party organization has available everything necessary so that the plan forecasts in all areas of activity are fulfilled under good conditions, thus creating a lasting base for moving to the new five-year plan. This, however, means that in each enterprise the results should be located at the maximum level of technical and organizational possibilities. This is a desirable on which we are concentrating our attention since, year after year, there are enterprises which do not fulfill the plan for one or another indicator in the municipality as a whole, despite the satisfactory results. The fact that mass political actions are not effective, interesting and convincing based on a dynamic style of work, a revolutionary style, in all enterprises to a large extent explains why material production expenses at the level of the municipality's industry have not been reduced in accordance with existing possibilities while some investment projects have lagged behind.

A large portion of the activity of the party organizations and workers' councils have a more accentuated growth in physical production and net production per 1,000 lei fixed capital as an area to fit into. This is especially so

since there still are large reserves existent in the efficient utilization of the fixed capital. Action is being taken with perseverance and high responsibility for the operation of the machinery, equipment and installations with high output with a view to raising their indicator of utilization to more than 86 percent. Experience has proven that in each enterprise the rational use of the existing technical means and optimum loading of them, without a supplemental investment effort, assures large increases in production. Along this line, special attention is being given to maintaining fixed resources and to doing the planned repair jobs on time and with good quality, preparing the necessary parts and subassemblies on time.

The municipal committee is closely aiding the party organizations in improving their style and methods of work, with this being a basic condition for raising all party activity to the level of current demands and for eliminating formalism from leadership activity. The effectiveness of party work cannot be measured according to the number of meetings but only according to the results obtained in fulfillment of the plan.

It is in the realm of truth that the application of the new economic mechanism means strengthening the responsibility of the enterprises, workers' collectives and collective leadership organs have exemplary fulfillment of the plan tasks and in mobilizing all reserves for a more emphatic growth in economic efficiency. Precisely for that reason the municipal party committee is guiding the party organizations toward decisive actions against men alities which still continue and which cultivate the harmful practice of awaiting a solution to the problems by the central or the ministry.

On the basis of the laws in force, we are aiding the party organizations and the workers' councils toward a realistic substantiation of the production plan at the enterprise level. We proceed from the consideration that working out an efficient plan can be done only on the basis of the real technical and human potential of each enterprise as well as on the basis of the economic contracts concluded on time, which permits correlation of the resources and possibilities with the requirements of production and of consumption. As a result, with the effective aid of the higher organs, the enterprises can solve their problems in covering the plan at the level of existing capacities with firm contracts, providing technical-material supply and the technological preparation of the products.

In practice, however, matters do not take place quite this way. The higher organs--the central, the ministry--continue to have a narrow understanding of the enterprises' extra independence in establishing economic contracts, in the sale of products and, especially, in providing economic cooperation based on criteria of high efficiency. This creates real difficulties in the contracting and sale of production, with undesirable implications for the results. In the first quarter, for example, we encountered a number of difficulties as a result of the failure to have complete assurance of the material base at some enterprises, which made us record some lags.



Having the higher organ change some indicators at the end of the quarter or even at the end of the year has an unfavorable effect on the enterprises' activity, which upsets the budgets of incomes and expenses. Besides the direct consequences for the enterprises' financial activity, such practices also are reflected in the indicators for the municipality as a whole, directly affecting the degree of plan fulfillment territorially.

Enterprises in the municipality of Medias as well as all over the country have accumulated rich experience in working out the plan, proceeding from a well-based study of the domestic and foreign market; timely contracting of the goods production; maximum utilization of production potential; application of the results of scientific research with the goal of the modernization of production and promoting of technical progress; superior utilization of raw materials and materials; general rise in economic efficiency and profitability; creation of the necessary financial resources for covering the production and circulating costs; establishing their own assets; making withdrawals for society and repaying credits with a view to assuring the balance between incomes and expenses.

A critical analysis of these stages in drawing up the enterprise's plan brings out a number of defects, such as time delays, unutilized reserves, restraints in promoting what is new, not covering financial and material resources and others, the elimination of which is sharply required by worker self-leadership and enterprise self-management.

As we know, in working out their own plan, the enterprises cooperate with the supplier and beneficiary units and with the industrial centrals and the ministries. Experience shows that there still are many "critical points" existing in this collaboration which must be overcome for the purpose of increasing general efficiency.

Here are several examples: The Automechanica Enterprise, month after month, is receiving subassemblies with great delay from the enterprises with which it cooperates in building the vehicles, being obligated to force its production activity in the last 10 days of the month; the mechanical plant is not fulfilling its physical production and economic contracts since it is not provided with the raw material for the assembly organs, while the annual plan is not correlated with placing the new production capacity into operation and with the number of workers for development; the Emailul Rosu Enterprise cannot honor its export contracts fully due to the lack of thin slate from the Galati Iron and Steel Combine and this is needed to build the enamelled dishes and others.

Undoubtedly, these problems cannot be solved at the enterprise level without concrete and efficient aid given by the industrial centrals or the ministries. The directors of the enterprises mentioned above have gone more than once to the industrial centrals to which they belong, where meetings were held and the difficulties encountered were analyzed and they even requested "problem notes" in writing but, unfortunately, a concrete solution and practical solutions have not been seen yet.

As a result, it is urgently necessary to firmly apply the principles of the new economic-financial mechanism, assuring conditions--on the basis of fruitful cooperation between the enterprises, industrial centrals and ministries--for complete contracting of the production established by the five-year plan, for the entire 5-year period, in conformity with the destinations from the balances by products. At the same time, together with adopting the annual plan, it is necessary also to make current the plan forecasts for the next year so that the distributions can be issued on time and necessary specifications made to the contracts concluded. Also, without exception, we must apply the provision of prohibiting the introduction of products into manufacture which do not have their sale made certain through contracts of firm orders. Of no less importance are strengthening of plan and contractual discipline, complete respect for the obligations assumed by the economic units, reduction in the time it takes for supply-manufacture-sale and speeding up the rotation of circulating resources with a view to utilizing the material and monetary assets with maximum efficiency.

Stressing the need to implant fruitful and multilateral collaboration between the enterprises, industrial centrals and ministries, at the same time we bear in mind that the new economic-financial mechanism means strengthening the spirit of responsibility in managing material and monetary resources. In the activity of some enterprises there still are shortcomings in achieving economic self-management and in creating conditions for the good operation of the economic-financial mechanism. Thus, for example, in some enterprises the start and preparation of manufacture is not made appropriately, material-technical conditions are not created in time through correct correlation of the stocks of raw materials and materials with the need of production, the need for spare parts and tools, devices and controls is not provided, a correct follow-up on production and costs is not assured, while the budgets of incomes and expenses are not laid out down to the section level, and this limits the functions and qualities of economic self-management. In some cases, the programs of measures and schedules for recovery are not sought by the collective leadership organs and from here we also have implications on fulfillment of the physical production tasks and delivery obligations, fitting into the production costs and costs of net production, profits and assets of the enterprise.

Striving to eliminate these shortcomings, we must place a greater emphasis on improving the style and methods of work so that in each enterprise the party organization's activity is joined more and more closely with the work of the entire collective. There still are many places where the activity of implementing the plan is not well organized, control over implementation of decisions is deficient, while the actual, efficient and timely aid in solving problems is sporadic. But a truly scientific leadership is inconceivable without being permanently and vitally anchored to the direct realities of production, without organic integration of each communist in social-economic life and his direct participation in the collective in which he works in the concrete solution to the problems connected with the rising course of production activity, without a decisive assertion of the revolutionary spirit in work and establishing absolute order and discipline in all sectors of activity.

Firm application of the new economic-financial mechanism and the principles of worker self-management, among other things, involves the creation of a broad view of their activity by the workers, in the double quality they have as owners and producers, the development of a progressive attitude toward work and public wealth and social responsibility toward the fruits of their labor. In the party's concept, the workers' participation is not viewed as a simple presence in various democratic organs but rather as a social action with profound implications for making the popular masses aware so that they exercise their leadership duties in a spirit of high political maturity and public responsibility, so they can decide, with a knowledge of the case, about the problems raised by the stage of maturity of our society and affirmation of socialist civilization.

At the broadened plenum of the National Council of Workers, Comrade Nicolae Ceausescu, the party's secretary general, pointed out that "each social-economic unit must organize its activity on the principles of self-management and worker self-leadership and must have its own budget of incomes and expenses." The enterprises where the party organizations and administrative leaders are concerned permanently with use of the budget of incomes and expenses as a basic tool for economic leadership and as a means of analysis and control for assuring financial balance have succeeded in achieving economic self-management in a specific way in their day to day activity. In most of the municipality's economic units, these tools have begun to fulfill the role established with good results. Through the power of synthesis and leadership over the economic-financial indicators and through the simplicity of this "model of rising balance," the budgets of incomes and expenses to an increasingly greater extent have given the workers' collectives the opportunity to know the main problems raised in connection with the enterprise's financial situation, proving that it also has an important mobilizing and stimulating role in improving economic-financial activity.

However, there also are cases where the budgets of incomes and expenses have not yet gained superior significance with the financial plans used in the period prior to application of the new mechanism. For that reason, the workers' councils are being helped to create conditions so that the budgets of incomes and expenses reflect the enterprise's entire economic potential and they are perfectly correlated with all sections of the plans. Also kept in mind is the fact that the budgets of incomes and expenses should be accompanied by a distribution of the plan tasks which support the main financial indicators by sections, shops and other places of work and by drawing up of the budgets of incomes and expenses by subunits. In the end, action is being taken to improve the informational and record-keeping system with specific techniques.

Some of the enterprises' leadership cadres view the budgets of incomes and expenses more as a means of financial technique which enters exclusively into the duties and competencies of the financial-accounting departments. Undoubtedly these departments in the enterprises have a particularly important role in working out and seeking execution of the budgets of incomes and expenses, however these tools, in the language of the financial indicators, synthesize the entire activity of the workers' collective and express a certain level of leadership and technical-economic organization. That is why we must apply

these measures in each enterprise so that each party organization and each leadership cadre knows thoroughly how to work with the budgets of incomes and expenses.

Another very important economic-financial lever in the full affirmation of self-management is the enterprises' own assets. As a result of the good activity carried out by the party organs and organizations and by the workers' councils, the majority of our enterprises--Vitrometan, Windows, Tirnava, Methane Gas Extraction, Methane Gas Main Operation, Mechanical Plant and other--by forming the necessary assets have provided for self-financing of their own development and implementation of important social actions, contributing to the material incentives for the workers' collectives. There also are enterprises which have not been able to fully establish their own development capital as a result of failing to fulfill the profits planned and amortization forecast and, in these cases, in accordance with the law, they have received supplementary credits for which they will pay interest. That is why we feel it necessary for each unit leader to follow with the greatest attention the complete achievement of the economic development capital and circulating resources capital, social action fund and fund for worker participation in profits.

For each party organization in our enterprises, it is a primary demand that there be firm application of the order of party secretary general, Comrade Nicolae Ceausescu, according to which "we must achieve a powerful growth in economic profitability in all areas of activity in order to have available a greater fund for participation in profits."

The new economic-financial mechanism has proven its viability confronted with the practical activity and the multitude of economic phenomena. The efficiency of using it is measurable in all areas in which it is being applied. For that reason we are militating perseveringly so that the party organs and organizations, the workers' councils and all leadership cadres in the enterprises know and apply the principles of the economic-financial mechanism at the level of demands and requirements of the current stage.

8071

CSO: 2700



## FACTORS TO BE CONSIDERED IN PREPARING 1981 BUDGET

Bucharest REVISTA ECONOMICA in Romanian No 39, 26 Sep 80 pp 9-10

[Article by Gheorghe Boulescu, minister of finances]

[Text] The economic units currently are working out the draft budgets of incomes and expenses for 1981. Within the measures for applying the economic-financial mechanism they have a role as the means for stimulating the leadership organs of each economic unit to strengthen its economic-financial self-management, lead the activity and assure a financial balance. The budgets of incomes and expenses should reflect the more emphasized rise in economic efficiency, complete use of material and monetary resources with higher output, reduction in total production costs, particularly material costs, rise in the value of net production and establishment of a strict savings system in all departments.

The basic condition for working out the draft budgets of incomes and expenses in each economic unit under good conditions is working out and substantiating its draft economic plan on the basis of the indicators established by the immediately higher organ, its own calculations and measures established to assure conditions for fulfilling each of the indicators in the plan. Providing the sale of production, domestic and foreign, with contracts and the necessary provisioning also is a priority element in preparing next year's plan. Each unit's economic plan supplies some basic elements in working out the budgets of incomes and expenses as, for example, the volume of production, volume of investments, level of total and material production costs, salary fund and others, depending on the specific nature of the unit. The budget of incomes and expenses assures their reflection in the financial expression and it establishes the financial resources for carrying out activity, planned financial results and method for distributing them. Through its goals to establish financial results and reflect the strengthening and application of the requirements of economic-financial self-management and financial balance, the budget of incomes and expenses in each unit should have an active role in carrying out projects to work out the economic plan by bringing out cases of inefficiency, reduced profitability, incomplete use of production capacities and material and monetary resources. Under these conditions economic and financial planning are joined, complete each other and are integrated in a single process subordinate to the same goal: development and efficiency.



The fullest possible use of the material base which each unit has available and of the production capital placed at its disposal by society or obtained from its own capital is one of the basic goals which must be sought in working out the budget of incomes and expenses. Increasing efficiency along this line in a more emphatic way means establishing and analyzing some indicators which express degree of efficiency compared with the previous year; these indicators are volume of production, activities or of receipts per 1,000 lei fixed capital or production capital, depending on the branch of which the unit is part and volume of profits per 1,00 lei fixed capital or production capital.

A careful analysis of the level of these indicators by the leadership of each unit should have as a result the decisions for finding solutions to improve the ratios expressed by the particular volumes, both in the plan and in execution of it. The decisions and solutions have a direct connection with the volume of production, of activity or of receipts, with the volume of fixed capital and production capital, including the investments requested in the plan year and with the unit's financial results. The decisions and solutions mean concrete ways which lead to an increase in efficiency, which should be reflected in the budgets and should have conditions assured for implementing them.

Determining the amount of expenses for obtaining production, of services provided or receipts from the activity carried out is an important element in working out the budgets of incomes and expenses. The level of production or circulation expenses per 1,000 lei from goods production or per 1,000 lei receipts from the activity carried in the plan year compared with the base year brings out to what extent the unit's financial results and its profitability mark an improvement. Rise in labor productivity in the unit, better use of existing material base, assuring that the materials, fuel and energy fit into the consumption standards lead directly to reducing costs and raising profitability. The solutions and measures in this direction should have the largest possible area and should include all the unit's working departments. An analysis of costs for the unit as a whole and for each product, service or activity, with a view to avoiding any useless or uneconomical expenses should lead to elimination of any cases where the expenses are not covered from incomes or lower profitability.

The receipts which are included in the budget of incomes and expenses for each unit, depending on the activity carried out, as well as the expenses made to achieve the particular receipts are the main elements leading to establishment of planned profit. In the context of applying the new economic-financial mechanism, profit gains increased functions. Profit reflects main requirement for implementing economic-financial self-management. Resources are provided from profits to establish the enterprise's own capital for social-economic development, resources for paying back the capital advanced by society, resources for providing material incentives to the workers to achieve profits by establishing capital for participation in profits and social actions as well as resources for a continuing rising contribution of each unit to society's general development by payments into the state budget.

Respect for the provisions of the Law on the Formation, Planning, Distribution and Payment of Profits as well as those in the Law on Finances on standards for distribution of profits through the plan is a requirement intended to assure use of the budget of incomes and expenses in implementing self-management and self-financing in each unit.

As a means of financial balance the budget of incomes and expenses reflects this balance in the plan and in operation for the unit as a whole as well as for each aspect of the unit's economic-financial activity. Thus, the following should be kept in mind in working out the budget of incomes and expenses: balanced planning, financially, of the incomes, expenses and financial results from the activity carried out by the unit in accordance with its profile; a balance between resources and expenses for investments; balance between resources and destinations for the circulating resources; balance between resources and the expenses forecast to be borne within the various assets provided by law to be established and provided at the unit's disposal. Establishing the balance between resources and expenses through the budget of incomes and expenses by various aspects of the units' economic-financial activity should not be viewed only from the viewpoint of accounting or mathematical equality but it should reflect the financial analysis and decision of the leadership organs in the particular unit on determining the best size for the volume of investment expenses, volume of circulating resources and expenses which are to be borne from each fund separately as well as with regard to maximum use of its own resources, existing reserves and with regard to raising the degree of self-financing for the unit as a whole and for each action separately. Financial balance requires the introduction of an emphasized spirit of good management of material and financial resources and for carrying out the planned actions with the least possible resources and under conditions of economizing on expenses.

In planning expenses for investments, the budget of incomes and expenses for an enterprise bears in mind the provisions of the investment plan, the degree and prospect for assuring the particular projects with technical-economic documents, the provisions of the execution contracts for projects and for acquiring equipment, length of time for doing the work, schedules for placing them into operation. An important element is distribution of investment expenses by the categories provided by law, depending on the financing resources. The analysis should seek the need and efficiency of the expense, avoiding tie-ups of assets by shortening the lengths of time for carrying out the projects and assuring the equipment in accordance with the assembly schedules. The analysis should lead to decisions with an economic-financial content for improving activity in this area. Having the most exact possible determination of its own resources for financing of investments, particularly those from liquidation and profits, distribution of them by quarters, depending on the periods for carrying them out, needs for making the expenses also are requirements in using the lever of financial planning for assuring that the process for financing the unit's investments take place under good conditions.

Introduction of the budget of incomes and expenses as a means for leading the economic-financial activity in the economic units has created conditions

so that in the area of circulating resources new elements are provided for improving the planning process and seeking and utilizing the resources concerned for this goal and for speeding up the rotation of capital. Depending on the production tasks, volume of activity, standards in force to determine circulating resources as a whole and for each element separately, rotation speed of the circulating resources in the base year achieved under conditions of normal flow of activity, the enterprises determine their necessary total of circulating resources by year and by quarter. At that time they seek for them to also fit into the levels established by the higher organ as well as continued acceleration of the speed of circulating resources in the plan year compared with the base year. Establishing measures which lead to improvement in supply, elimination of surplus stocks and stocks which do not move, avoiding tie-ups which exceed the norm in circulating resources, shortening the manufacturing cycles for products, assuring steady sale of production on the basis of contracts are determining elements for setting the optimum size for the necessary total of circulating resources, under conditions where the rotation speed is accelerated. Establishing the level of its own capital and resources drawn as well as of distributions from profits to finance the circulating resources requires a careful analysis of the correct size for them, distribution by quarters as well as with regard to assuring a rise in the degree of self-financing in this area. Determining the size of the resources drawn, that is, the stable debts, for financing circulating resources requires an examination on the basis of figures from accounting of the debt elements, which by their nature of permanence and stable level contribute to temporarily covering the circulating resources of the unit. In calculating them in the planning phase as well as the execution phase, following and eliminating the ones which are the result of slow-downs or discounts in the economy, financial discipline or unsatisfactory economic-financial activity are demanded.

In providing the enterprises' financial resources by various aspects of their financial-economic activity, the new economic-financial mechanism gives a greater role to bank credit. This becomes a resource for completing both the investments as well as circulating resources, alongside the units' own assets. The Law on Finances establishes the norms for the intervention of bank credit in the process of the economic unit's financing. In working out the budget of incomes and expenses, through the enterprise's close cooperation with the banking organs, the level of bank credit which is to be given to finance the investments or circulating resources is determined by year and by quarter. Clearly, the level of it, along with the conditions provided by law for giving it, depends on the sizes established in the budget for the level of investment expenses, volume of circulating resources as well as of their own resources.

The resources acquired through bank credit impose future obligations to also pay back the expenses for payment of bank interest. Including them in the budgets of incomes and expenses should be preceded by an analysis of the possibilities for raising the degree of self-financing and for assuring the use of these resources under conditions of maximum efficiency. Also, attention should be given in the budgets to the most exact possible forecast for

the resources needed to pay back the credits by the due date as well as the expenses for payment of interest.

The activity of working out the budgets of incomes and expenses is of a complex nature and should include a broad sphere of economic-financial problems of the particular unit, which should be provided the best solution under conditions of continual rise in economic efficiency.

The leadership organs in each unit, the financial-accounting cadres, and the banking organs have the task of making the compilation of the 1981 budgets of incomes and expenses take place under conditions where the measures for the new economic-financial mechanism are applied firmly.

8071

CSO: 2700

## ECONOMIC COOPERATION EFFORTS WITH AFRICAN COUNTRIES

Bucharest REVISTA ECONOMICA in Romanian No 39, 26 Sep 80 pp 11-12

[Article by Marcel Moldoveanu of IEM (expansion unknown)]

[Text] Socialist Romania, a country with a rising economy and an industry and agriculture in the full process of development and modernization, is promoting a policy of broad international economic, technical and scientific collaboration. In its foreign policy, Romania--itself a developing country--is giving a particularly important place to constantly amplifying and diversifying the relations of collaboration with the African countries, aiding them in their struggle to abolish any imperialist, colonialist and neocolonialist policy and in their efforts directed toward consolidating independence and national sovereignty and to eliminate underdevelopment and assure a harmonious social-economic development.

The visits made in recent years by Romania's President Comrade Nicolae Ceausescu with Comrade Elena Ceausescu to a large number of African states, as well as the visits made to Romania by heads of state from many countries on the African continent, are events with broad and profound significance for bilateral relations, Romanian-African relations as well as in the area of international life.

Thus, recent visits officially made to Romania at President Nicolae Ceausescu's invitations by the president of the United Republic of Cameroon, Ahmadou Ahidjo, by president of the Republic of Zambia, Kenneth David Kaunda, by the president of Mozambique, Samora Moises Machel as well as the visit by the president of the Republic of Zimbabwe, Canaan Sodindo Banana, which took place a few days ago, are included in Romania's general policy of the active development of collaboration with the African states and all states.

The agreements for economic and technical cooperation, the commercial agreements, the protocols and other understandings in various areas concluded with a large number of African states reflect strikingly the particularly productive results of the high-level talks.



## Multilateral Cooperation To Speed Up Industrial Development

The actions of cooperation between Romania and these countries have the most diverse forms--from economic projects built by Romania or with its aid to the joint production and commercialization companies. Our country's economic relations with the African states are taking place on the basis of the more than 50 commercial and cooperation agreements which are annual or long-term and which aim at areas of major importance for the economy: the mining, petroleum, energy, chemistry, forestry industries, agriculture and transportation.

Romanian specialists in the geology and extraction industry sector are carrying out productive and valuable activity in various countries in the area of prospecting, exploitation and utilization of mining resources (ferrous and nonferrous) and petroleum. Thus, in Algeria important projects of petroleum drilling and utilization of mining deposits are being carried out; in Morocco copper deposits have been put into use in the country's south, in Ouansimi and Talaati-Iminirfi. The agreements with Morocco provide for the continued extending of economic and technical collaboration in participation in the design, exploitation and processing of new ferrous and nonferrous ores as well as participation in the prospecting for petroleum resources; with a view to aiding the Zambian state in utilizing its mineral riches the Mokambo joint company was established and its activity will extend to actions of cooperation in the exploration and exploitation of coal, nickel, iron, phosphate, molybdenum, hydrocarbon and uranium deposits; in Kenya the Kmil joint company is doing prospecting to utilize zinc, copper, lead and silver ores; in Burundi the Somiburom joint company has the goal of participating in the utilization of large nickel deposits in this country; geological prospecting and exploitation are taking place in Mozambique to utilize some coal and iron ore deposits; the Bensaminco joint company is seeking to carry out exploration and exploitation projects for mineral resources of Tanzania. Actions of cooperation in this area, currently being carried out or to be carried out in the future, also involve other countries--Guinea, Zaire, People's Republic of the Congo, Liberia and Angola.

Romania is building large chemical and petrochemical combines in the African countries as well as machine construction plants, cement factories and wood processing combines, ready-made clothing factories and knitwear factories. Specialized Romanian enterprises are building dams, railroads, highways, ports and are building hydrotechnical systems.

### Development of Romania's Relations of Cooperation with African Countries in Recent Years

Country	Area of Activity	Form of Cooperation
Algeria	Build petroleum drilling projects	Cooperation in production
Burundi	Mining exploration and exploitation; build industrial and agricultural projects	Joint companies: Somiburom, Agriburom

Congo	Cultivation of cotton and other plants	Joint company: Socoton
Egypt	Industrial, agricultural and bank cooperation	Cooperation in production; Egyptian-Romanian Bank
Gabon	Mining exploitation	Joint company: Somifer
Ghana	Organization of farms to grow crops	Cooperation in production
Guinea	Iron ore exploitation	Joint company: Mifergui Nimba
Kenya	Mining exploration and exploitation	Joint company: KMITL
Liberia	Production of natural rubber	Joint company: Liberian Rubber Processing Company
Libya	Port construction and building and modernization of roads; Land improvement projects and production of select seeds Raising and fattening animals Sea Transport	Joint company: Librom  LARP Company
Morocco	Port construction Organization of sunflower crops Mining exploitation	Joint company: Roliship Cooperation in production Cooperation in production Joint company: Geomin-BRPM
Nigeria	Wood processing and industrialization	Joint company: Seromwood Nirowi
Central African Republic	Mining, agricultural exploitation and wood processing	Joint companies: Scaromines, Somcarom, Carombois, Lorumbois
Tanzania	Mining exploration and exploitation	Joint company: Besamingo
Zaire	Agrozootechnical exploitation and tractor commercialization	Joint companies: Zairom Autotractor-Kinshasa
Zambia	Mining exploitation	Joint company: Mokambo

The following stand out among the projects and jobs carried out in the actions of cooperation in the African countries: the El Mex soda products plant and the complex for exploitation and enrichment of phosphates in Hamrawein, Egypt; the K-Sob accumulation dam, a large hydrotechnical project for Algerian agriculture; the Nador, Morocco sea port (on the Mediterranean coast) supplied with modern installations needed to receive large-capacity ships; the Tripoli fishing port was built in Libya and large civil construction (homes and schools), the Beni Valid-Tarhuna highway. Joint companies have been established for land improvement projects and for raising cattle as well as the joint company for sea transport, Roliship; in the Sudan the headquarters for parliament in Khartoum has been built, a modern building (with the Romanian side providing the design, delivery of the building materials, installations, equipment and furniture) and a large cotton mill is being built.

At the same time we mention the construction of large economic projects in Guinea, where Romanian enterprises have participated in development of the

activity of a mass plastic plant in Konakry and have built a tractor assembly line; in Nigeria--the activity of the Nirovi and Seromwood joint companies for wood exploitation and industrialization; in the Central African Republic, the Lorumbois and Carombois joint companies have the goal of wood exploitation, while the Somcarom joint company is based on the cotton crop and other plants; in Angola Romanian enterprises are providing technical assistance for placing into operation the Baionasi textile factory with the purpose of organizing specialized farms for the cotton crop and the sunflower; in Burundi the Agriborum joint company has the goal of setting up an agricultural farm and doing reclaiming jobs with Romanian equipment.

In the relations of cooperation, our country is giving special attention to collaboration in the area of scientific research, programs of training the cadres and increasing technical assistance, the participation of Romanian specialists in the superior utilization of the entire material and human potential which the African states have available. Workers and technicians from the African countries are specializing in various industrial enterprises in Romania, while a large number of students are learning in our country's higher education institutes. Also, thousands of Romanian specialists are working in various African countries where they enjoy good opinions.

#### A Look Back at More Than A Decade of Achievements Projects Broad Prospects For Cooperation

Romania will continue amplifying and diversifying its economic relations with the developing African countries, extending new, mutually advantageous forms of cooperation in production with these countries.

During the high-level talks, which took place during the mutual visits of Comrade Nicolae Ceausescu in the African countries and of the heads of state of many African states in Romania, it was felt that the intensification of economic cooperation, of commercial exchanges, of cooperation in the area of science and technology, education and culture comes to the aid of the national effort of each country for economic and social progress. During the new high-level Romanian-Zambian dialogue, need to spur on cooperation in the industrial area was brought out, to be carried out through the building of copper slate factories, textile factories, footwear and ceramic articles factories, refrigerator warehouses, a wood industrialization complex as well as the building of an agroindustrial complex within the action to organize and exploit a large land area. The talks which took place during the official visit to Romania of the president of the United Republic of Cameroon brought out the multiple possibilities existing for jointly building some large economic projects in Cameroon. Understandings were achieved for cooperation in the areas of industry, mechanization of agriculture, dam construction, urban electrification as well as in other areas of mutual interest, through creation of joint companies and other modern forms of cooperation in production.

The joint statement signed recently by the president of the Socialist Republic of Romania and the president of the People's Republic of Mozambique evaluates the progress achieved in economic cooperation and commercial exchanges, deciding to intensify efforts to raise the volume of trade and accelerate the construction of economic projects agreed upon through the understandings concluded between the two countries. It is felt that the development of economic relations, particularly cooperation in production, is a basic element in deepening Romanian-Mozambique relations.

The fruitful talks between Romania's president and the president of the Republic of Zimbabwe will open new prospects for developing bilateral economic relations, particularly in the areas of industry, agriculture, transportation and energy.

New prospects for a broad Romania-Ghana cooperation in the economic technical-scientific and cultural area were brought out during talks between Comrade Nicolae Ceausescu and the delegation of the People's National Party of Ghana.

The joint governmental commissions for economic and technical collaboration play an important role in the development of Romania's economic relations with the African countries.

The present and potential actions for cooperation will contribute to increasing and diversifying commercial exchanges with the African countries, facilitating the Romanian export of machinery, equipment and means of transport and providing for the import of raw materials to a greater extent but also processed products, welcoming the policy promoted by the African states of the development and diversification of independent industry. In this framework, the hydrocarbon and mining sector could be an area with new values in the actions of cooperation. The potential possibilities for amplifying cooperation in this sector are caused by many plans for exploitation of large deposits of crude gas, natural gases, ferrous and nonferrous ores (iron, copper, zinc, cobalt, uranium, phosphates and rare metals), plans launched in the plans and programs for development of the African states. At the same time, the plans and goals to be fulfilled in various African countries for development of the chemical, petrochemical, iron and steel, building materials and food and textile industries bring out the greater opportunities for the Romanian enterprises in involvement in actions of cooperation. Agriculture, transportation and telecommunications also are important sectors for the future of amplifying relations of Romanian-African cooperation.

The constructions of dams and drilling for water are taking on a new dimension for the continent as a whole both in utilization of the hydroenergy potential as well as for the development of agriculture--a priority sector of the economy in a great number of African states--in some hydrotechnical plans and plans to revitalize the animal-raising sector. The transportation sector also is a favorable ground for initiating and amplifying actions of cooperation. The size of the continent and differences in the development of various regions sharply require development of the transportation sector.



The request for jobs, both at the level of each country as well as the continent as a whole, will be stimulated by compilation of the Program of the "Decade of Transportation and Communication in Africa," compiled by the United Nations Economic Commission for Africa for the 1978-1988 period.

At the same time, we mention that a number of economic projects which are to be built in the African countries will enjoy foreign financial assistance, either from international organs or regional ones (the World Bank, the Arab Bank for Economic Development in Africa, the African Development Bank) or from certain states, which implicitly will involve the participation of foreign investors in doing jobs in various sectors and branches of the African countries' economy.

The participation of Romanian enterprises in achieving actions of cooperation under conditions of higher efficiency means a detailed knowledge of the aspects connected with the type and scope of the project, schedules and conditions for building it, investments, sources and means of financing, economic policy regulations, involving specialized independent organs or third partners in doing various jobs, providing and forming qualified cadres and so forth.

The evolution of Romania's economy at a fast rate, the policy of broad international cooperation promoted by our country, the orientations and priorities of the development plans launched by the African countries and the policy promoted by these countries for superior utilization of the economic potential in cooperation with foreign partners is creating the proper framework for intensifying Romania's actions of cooperation with the African countries.

In this way the position of our country, which is militating consistently in the international organs, in the "Group of 77" meetings and UNCTAD sessions to implement programs of measures to eliminate underdevelopment is found in the concrete plan of economic relations through active cooperation with the African states on many levels.

Comrade Nicolae Ceausescu, president of the Socialist Republic of Romania, said in his message addressed to the XVII high-level conference of the Organization of African Unity: "The frequent meetings I have had with the leaders of the states and national liberation movements in Africa, both in Romania as well as in Africa, and the meetings and understandings adopted at these times have been a lively demonstration of the determination of the Romanian people and the African peoples to strengthen even more their friendship and solidarity and to develop cooperation in the economic, technical and scientific-cultural areas and their cooperation on the international level."

8071  
CSO: 2700



MEASURES TO IMPROVE LAND USE, TERRITORIAL DEVELOPMENT

Bucharest REVISTA ECONOMICA in Romanian 19, 26 Sep 80

[Article by Ion Bold]

[No 38, 19 Sep 80 pp 8-9]

[Text] Rational utilization of land resources is a priority component of the broad process of social-economic development, being considered a major factor closely connected with the rise in the national wealth and the people's well-being. Mainly it has been given this role by those irreplaceable functions of land resources: a general condition needed for the life and development of all production processes; supplier of food and raw materials for light industry and construction. At the same time let us recall that these resources are limited in extent and nonrecoverable (except under certain conditions and in all cases with considerable investment in the case of damage).

The problems of the land stock take on particular significance under the conditions of the intensive development and industrialization of agricultural production, toward which end the forecast is for increasing arable area to 10 million hectares, carrying out broad water management and land improvement projects, utilizing and continuing to improve damaged land and increasing their production capacity, which will assure that a production of 27-28 million tons of grain is obtained at the 1985 level and a rise in the volume of all the other vegetable products, with direct effects on the development of zootechnics, also.

The direct result of this is the urgent requirement to rationally manage land resources, assuring the protection, conservation, improvement, arrangement and efficient use of them in a unified concept intended to assure total utilization of the territory, sensible placement of production forces, by balancing requirements with resources.

Knowledge of Land Resources--A First Condition for Rational Management of Them

Knowledge of the production potential of all land and placement of it is in the forefront of the complex measures for rational management of land resources, an action which received a basic help through the compilation of

"A Basic Study for the Protection and Improvement of the Production Capacity of the Land Stock" for all the country's communes and counties, drawn up at the end of 1979. Substantiation for all the forecasts and programs for development of the various branches and integrated activity for rational and efficient use of the land resources operates on the basis of it, having at its base the following principles: increase in arable area due to inferior categories of use, agricultural and nonagricultural; agricultural area cannot be reduced; damaged land is established around the peripheries of grape-growing and vine-growing areas, developed and modernized in the vineyards and reservoirs (from the areas resulting from clearing away scattered vines and trees and old or declining plantations); development of fish-breeding arrangement only from swamp lands and other land not proper for agricultural use; enforesting damaged land from slides and excessive erosion; placement of industrial, agrozootechnical and social-cultural projects only on free land within the constructible perimeter of localities, predominantly damaged land or land not proper for agricultural production; finishing up the areas which need digging, drainage work and regularizing water flows, irrigation and combatting soil erosion and so forth.

Assuring the establishment of basic solutions for utilizing all areas of land in order to be brought back into economic circulation for agriculture, silviculture, fish breeding, reed-growing, arrangements for investments or hunting, the study offers complete figures on the current and prospective potential and it creates conditions for promoting the actions for conservation, improvement and increase in the production potential of all land under conditions of knowing the trends for regressive evolution as a result of destructive, objective processes. Thus, an adequate framework has been created for a concrete and complete definition of the provisions of the party and state documents for using the land stock, specifying in a unified concept the land improvement projects and agropedimprovement measures needed to be carried out (in order of priority), the land resources needed to be transformed and utilized on a high level (and the necessary investments); the study thus is a first overall recording of the land resources of our country (see Tables 1-3).

Table 1: Rise in Agricultural Land Stock (hectares)

Year	Arable land	Meadowlands	Vine-growing plantations	Fruit-tree growing plantations	Total agricultural land
1950	9,377,900	4,534,600	247,300	164,200	14,324,000
1960	9,822,400	4,200,600	311,000	212,600	14,546,600
1970	9,736,700	4,418,400	346,800	428,400	14,930,300
1975	9,740,900	4,446,300	329,100	430,100	14,946,400
1980	9,817,300	4,485,600	309,000	355,100	14,967,000

Table 2: Agricultural Land Stock by Classes of Quality in 1980 (hectares)

Class of quality	Arable land	Meadow-lands	Vine-growing plantations	Fruit-tree growing plantations	Total agricultural land
I	2,805,500	50,600	52,700	15,700	2,924,500
II	2,448,000	189,900	70,100	28,800	2,736,800
III	2,459,400	727,600	80,200	93,500	3,360,700
IV	1,441,500	1,372,000	61,800	125,300	3,000,600
V	662,900	2,145,500	44,200	91,800	2,944,400
TOTAL	9,817,300	4,485,600	309,000	355,100	14,967,000

Table 3: Agricultural Land Stock by Groups of Slope (in 1980) (hectares)

Percent-age of slope	Arable land	Meadow-lands	Vine-growing plantations	Fruit-tree growing plantations	Total agricultural land
0-5	7,143,900	1,068,800	139,000	89,100	8,440,800
5-10	973,000	353,400	41,100	38,500	1,406,000
10-15	680,800	489,200	41,600	56,000	1,267,600
15-20	581,500	713,400	45,000	79,700	1,419,600
20-25	274,000	803,200	23,500	55,000	1,155,700
More than 25	164,100	1,057,600	18,000	36,800	1,277,300
TOTAL	9,817,300	4,485,600	309,000	355,100	14,967,000

Integrating the forecasts of the basic study for protection and improvement of the land stock with those for zoning of agricultural production in the context of the various national programs, the scientific framework has been created for a more rational management of land resources which mainly consist of the following actions:

Reorganization and relocation of uses of land through improving the demarcation between the agricultural and forest land stock, amalgamation of lands and correcting borders in accordance with relief, required limits and quality of the land, thus assuring economical land areas for exploitation;

Carrying out all placements, bearing in mind the production potential of the land, existing arrangements or ones possible to be carried out and integration of them into the overall process for territorial development (in conformity with the various national programs).

#### Organization of the Territory--An Integrating Factor in Utilization of Resources

An important place in the broad process of industrialization, urbanization and modernization of the economy is held by territorial systematization and

organization as an objective need in the rational use of land resources.

The action for territorial organization encompasses all the permanent interventions which seek the restructuring, outlining and optimum equipping of the territory, adequate for the new economic values, social particular features and natural specific nature, more and more strikingly asserting itself as an overall action integrated with the complex development of the economy. Being the single method for coordinating the spatial elements with planned development, territorial organization is being asserted as a total solution for optimization of the use of space, depending on the present and future requirements of society. The particular aspects take on new values if we bear in mind that the continued industrialization should be the basic option for economic development as the single alternative which assures the development and modernization of the entire economy, while in this context the territorial organization has become the main means for the coordinated placement of all investments and equipment. Complete utilization of land resources--the basic area for territorial organization--is a basic problem, also due to the rising requirements for nourishment and for occupying the agricultural land or agricultural potential to an increasingly greater extent by the various economic branches, technical supplies or populated settlements.

In this context, in order to avoid anarchic utilization of the land and to block the removal of high-quality land from the agricultural property, to have rational distribution of the production forces and to assure an order so that the various activities can be integrated harmoniously while the economic branches can develop normally, territorial organization is the decisive, irreplaceable factor. A scientific policy for territorial organization in a unified and complex system (see the diagram) is being assured at the national level, a policy which guarantees the unity of concept and action of all the organs--research, design, production and administration.

In agriculture, assuring the coordinated placement of investments, superior utilization of material and human resources, coordination of territorial development and unified organization of the territory, the united agroindustrial councils create the organizational-territorial conditions essential for the efficient exploitation of land resources, particularly by defining rational crop rotations depending on the zone of favorability, making the form of ownership an abstraction. Fulfillment of the specific tasks belonging to the united agroindustrial councils also favor the superior solution of the basic problems which exceed their framework, being of general social importance as, for example, the following:

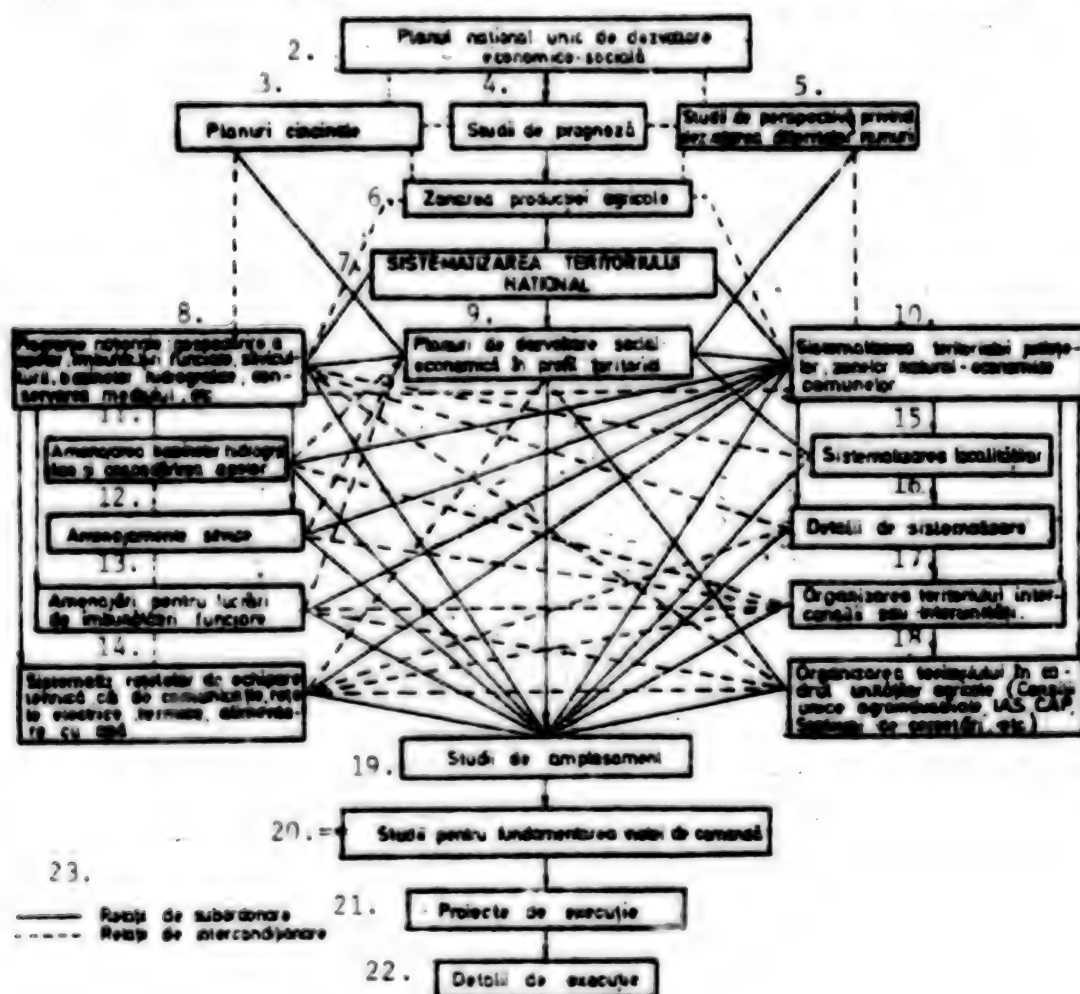
Sensible use of the entire land stock in accordance with the national programs for development of the various branches and activities on the basis of basic studies for protection of the land stock, studies for territorial systematization and organization, plans for setting up territory and so forth;

Use of the material-technical base (machinery and equipment, hydroimprovement systems and so forth) and, in particular, of the land under optimum conditions;

Coordinated placement of all future developments;

Acceleration of the urbanization process, with the coordinating locality becoming the polar center in the zone of activity of the council, with the technical supplying of the territory being carried out in a unified way.

# 1. SISTEMUL DE ORGANIZARE A TERITORIULUI ÎN R.S. ROMÂNIA





Key:

1. System of Territorial Organization in the Socialist Republic of Romania
2. Single national plan for social economic development
3. Five-year plans
4. Forecast studies
5. Long-range studies on the development of various branches
6. Zoning of agricultural production
7. Systematization of national territory
8. National programs: water management, land improvement, silviculture, hydrographic reservoirs, environmental conservation and so forth
9. Territorial social-economic development plans
10. Territorial systematization of counties, natural-economic zones, communes
11. Set-up of hydrographic reservoirs and water management
12. Silvicultural arrangements
13. Arrangements for land improvement projects
14. Systematization of networks for technical supply, such as communication, electric, thermal networks, water supply
15. Systematization of localities
16. Details of systematization
17. Organization of the intercounty or interunit territory
18. Organization of territory within agricultural units (united agroindustrial councils, state agricultural enterprises, agricultural production cooperatives, research stations and so forth)
19. Location studies
20. Studies for substantiating the order note
21. Operations plans
22. Operations details
23. Relations of subordination
24. Relations of interconditioning

[Text] Rational Placement of Investment Projects

Placement is the basic generic act of any operation. Due to its fixed (immobile) nature, placement must be chosen only following a careful and complex study, with errors in placement in many cases being uncorrectable or hard to correct but with high costs.

Actually, placement of projects which must be built, without taking into consideration all the factors of incidence on their being carried out on a given territory, can have some of the most serious repercussions: reduction in the useful effects of the technologies used, affecting of the construction system, lower efficiency of investments and production activity.

Experience proves that many investments placed with ignorance of some basic principles support for long periods a considerable volume of payments, transport expenses (for products, materials and labor force and so forth) with direct implications for the economical nature of production, involving and removing from agricultural production land with high production potential. Thus, it is an absolutely objective need that all those contributing to placement of investments should make a thorough study of the complex of social-economic, natural and technical-construction conditions in the studies and plans worked out at the macroterritorial level (plans for social-economic development at the territorial level, forecast studies, national programs for development of various branches and activities, studies for zoning of agricultural production, territorial systematization studies, plans for territorial organization and arrangement on the hydrographic reservoirs, improvement perimeters and so forth) and at the microterritorial level (outlines for systematization of localities, plans for territorial organization and development of agricultural production in the united agroindustrial councils, improvement systems and perimeters and so forth) in order to determine the best placements which assure total utilization of the territory. Actually, sensibly combining the criterion of maximum economic efficiency with harmonious development of the economy at the territorial level, the placement of new projects is called on to contribute to the continued development of the country's economic potential, to superior utilization of natural, material and labor resources in all zones, particularly the zones which are lagging behind.

The following should be taken into account in placing new projects, seeking the goal of optimum utilization of resources and balanced development of the economy at the territorial level:

Development of all zones and localities should assure utilization of land resources and existing labor force;

Fitting into the profile of the branch (in order to assure a unified system of production and extending of interindustrial cooperation) and territorial distribution of necessary factors adequate for the territorial plans for social-economic development of national programs;

Fitting into the provisions of the studies for territorial systematization and outlines for systematization of localities;

Assuring economical distances from the utilities--electric network, water supply sources, overflow of used water, means of communication and possibilities for cooperation in providing utilities;

Opportunities for the development of already existent centers or units, using to the maximum the free spaces where new construction could be placed with a view to optimization of existing capacities;

Maximum possibilities for complex utilization of natural resources and of existing potential of the labor force;

Functional ties and optimum distances from the centers for supply and sales of production;

Providing the technical-economic factors needed for the general plan: optimum technological flow of production by achieving direct ties in correlation with adoption of an adequate transportation system; making the land the best size and marking the limits of the land at the best area; building large-capacity halls which increase the areas constructed; setting out the transportation networks so that they assure that minimum areas are occupied and that there is efficient use of the means of transport; concentration of construction on a reduced area, which also assures minimum networks for technical provision; respect for the requirements specific to the various types of projects;

Respect for the architectural requirements by placing all projects and each element in proportion to the overall systematization of the territory and localities, achieving a harmonious (aesthetic) unity of construction, free spaces, networks of communication and green areas;

Taking into consideration all the orographic and microclimatic, hydrogeological and hydrographic, geotechnical conditions and conditions for fire protection and so forth;

Respect for the particular features of the various branches, optimization of the placement being the result of an analysis of all the conditions pronounced and, in the end, of the operational flows and links so that all the costs attached (for investments, operation, transportation and so forth) are minimal, while the placement should be integrated into the harmonious development of the territory and the localities.

The problem of placement takes on special importance also through the fact that in the complex of measures for rational management of land resources rejection of any tendencies to reduce the areas cultivated and agricultural utilization of nonproductive and poor producing lands are a major social requirement. Yet, in current practice, as a result of the intensity of economic development, there have been and are situations of occupying productive land

for various industrial and agricultural placements, development and modernization of means of communication, of land improvement projects, hydrotechnical arrangements, surface mining operations and so forth. Thus, land with a total area of 205,060 hectares was removed from agricultural production for investment projects just from 1974 up to the beginning of 1980 alone, of which 67,094 hectares were eliminated once and for all from agricultural production. This is a seriously current problem if we bear in mind that in the last two years alone (1978-1979), the area removed from agricultural production totaled 33,060 hectares, of which 15,094 hectares were final (11,822 arable hectares, that is, 78 percent).

Under these conditions, it is necessary to entirely prohibit placement, at least on land in the I and II categories of fertility.

In the case of all placements, an obligatory analysis of supplemental variations in which an evaluation of the areas of land occupied should be the basic indicator in choosing the optimum variation is an obligatory step in arriving at a correct social and economic rationale.

#### Land Improvements--In Accordance With the Requirements for Efficient Utilization and Exploitation of the Land

Land improvements are the main projects which assure conservation and improvement of the land stock, a rise in its production capacity and actual obtaining of higher agricultural production; they are one of the main production forces of agriculture both through the area on which they are carried out as well as through the volume of investments involved and their long length of service (see table).

#### Rise in Main Land Improvement Projects (Hectares)

Year	Drainage	Irrigation	Combatting erosion
1965	789,000	230,000	40,000
1970	1,100,000	731,000	435,000
1975	1,966,000	1,474,000	983,000
1980	2,900,000	3,000,000	1,900,000
1985	3.7-3.75 million	3.7-4 million	2.85-2.9 million
1995	6,400,000	5,300,000	5,300,000

Providing regularization of the water system (bringing, evacuating and re-distributing it) on the land set up so that optimum production conditions are set up as well as (later) land improvement, while in correlation with the territorial organization, creation of conditions for efficient exploitation of the land set up and land improvement projects play a decisive role in the management of resources.

Experience shows that only those projects prove efficient which have at their base a study of the complex of factors (natural, technical and economic), integrated with the requirements of agricultural production, that is, efficient exploitation of the lands set up with respect for the following basic principles:

Fitting into the provisions of the studies for territorial systematization of counties and hydrographic reservoirs;

Integration into the long-range national programs for setting up hydrographic reservoirs, water management and land improvement, conservation and development of the forest stock and so forth;

Superior utilization of all land and the creation of a framework for carrying out the production process under optimum conditions, assuring efficient utilization of the land and the water;

Utilization of nonproductive or poorly productive (adaptable) land for agricultural production, protection against secondary processes which reduce fertility, improvement in the general structure of use of the land, defining of crop systems (crop rotation) specific to the land set up, replacement of the road network in order to create the optimum territorial framework for using the earth and land improvement projects.

These jobs are carried out through concomitant compilation of programs for land improvement projects and territorial organization in order to guarantee the creation of the most reasonable and profitable forms for exploiting land resources and means of production closely connected with the earth within the production process (land improvement projects, retention reservoirs, agro-zootechnical construction and so forth).

However, the construction concept still prevails in Romania in carrying out land improvement projects, despite the fact that the builders' task ceases at the same time as execution of the particular arrangements and not after reaching improvement parameters forecast in the plans only through production (somehow arbitrarily established) taken into the calculation of economic efficiency. Currently the production established for substantiating the investment opportunity has as its base the entire complex of agropedoimprovement measures which must be carried out; with the exception of basic investment (damming, irrigation, drainage, soil erosion combatting), the remainder of the necessary projects are provided for connected or collateral investments, with them to be carried out later by each agricultural unit (depending on the opportunities and when it thinks) and, thus, not at the same time as the basic investment and at the optimum time. It is in everyone's interest to have a real and total picture of the material efforts needed to promote a wide-reaching action as well as of the net results which can be obtained.

It is necessary for specialists and other responsible factors to take action to change the current concept by which efficiency in land improvement projects is substantiated in at least the following directions:

Considering the rise in production on land on which hydroimprovement projects are being carried out, not only as an effect of them;

Investments needed to achieve the production forecast on land set up should bear in mind not only the investments for the basic projects but also the connected ones;



Mapping the soil of the territorial economic indicators in the cases as large as possible (possibly, some to be improved) in order to obtain the most favorable possible indicators.

At the same time we add that a very important reserve for the following principles is given to assure the effect of land improvement principles:

Creating the land improvement projects in correlation with the future use of the land.

Mapping out the hydrotechnical and road networks in order to provide both land improvement exploitation as well as agricultural exploitation in correlation with the technical supply and equipping of the territory (improved settlements, production centers, means of communication), with natural limits (forests, streams of water, storage basins and so forth) and with optimization of the land and requirements for efficient exploitation of the machinery and tractor station.

Mapping out the networks of irrigation pipes within the land masses, aiming to avoid situations which involve reducing the economical nature of the exploitation: lack of uniform distances between antennas, lack of continuity of the antennas or lack of distance between them and the limiting elements (though the territorial conditions do not require this), irrigation through ridges and through overhead irrigation along the same antennas, lack of parallel antennas, intersecting of open canals and different distances between hydrants.

The obligation to build the commercial and industrial investments at the same time as the basic investment (dams, drainage, irrigation, combating soil erosion), aiming at achieving the parameters forecast in the plans for the level of production taken into the calculation of economic efficiency.

#### Unified Policy in the Management of Land Resources

Complete and efficient utilization of land resources is a basic problem of our era, particularly under the conditions of the contradiction between the rising demands of urbanization, development of industrial activities and of expanding the territory, on one hand, and the requirements of agricultural production on the other. The complexity of problems in use of the land for producing food and wood (thus, for agriculture and silviculture) is accentuated by the cooperative nature of placing the industrial platforms and penetration of the networks for technical supply, which means that the total size of the agricultural territory should be reduced. Actually, uses of the territory are cultural ecosystems, that is, cultural systems in which man and society attempt to obtain their goals by exercising control over the variables in the global environment. This vitality is controlled by society through the organization and set up of the overall territory and each use separately, appropriate for the natural-economic conditions and development of the material-technical base.

The following desirables require general attention for the harmonious development of the territory through rational placement of the production forces and for good management of the land resources:

Improving the legislative framework by working out a unified land code for the entire economy which would replace the more than 30 existing normative acts (laws, decrees, Council of Ministers decisions, orders and so forth) which actually are a disadvantage to the general interest of society with regard to use of the land stock by favoring the interests of one branch or one activity;

Creating a general discipline (in education and research) for management of land resources--land economics--which would assure the complete and complex formation of those who through their activity contribute to utilization of land resources in the process of the systematization, organization and set-up of the territory, regardless of the specialty or faculty graduated from;

Changing the planning system for agricultural production, establishing only the production to be achieved for the main products and not the areas which should be cultivated, through redistribution of the crops depending on the size of the arable area held by the agricultural units. This would give each agricultural unit the opportunity to define the profile of production as best as possible, utilizing the production potential of the land in close correlation with the conditions for technical supply and provisions and with the possibilities for applying various specific technologies and for integrating agricultural production with the processing industry.

8071  
C SO: 2700

# PROFITABILITY OF AGRICULTURAL STATIONS IN POORER AREAS

Bucharest REVISTA ECONOMICA in Romanian No 36, 5 Sep 80, pp 17-18

[Article by Mihai Bogeredita, manager of the Cernel Station for the Mechanization of Agriculture in Alad County]

[Text] Increasing the profitability of all the enterprises is an essential condition for further ensuring the rapid rate of economic growth, of rise in the national wealth.

In the stations for the mechanization of agriculture, also, profitability is a primary objective, whether we calculate it as a ratio between profit and the operating cost or between the net income achieved and the production expenses made. The better this ratio, the higher the efficiency with which the means of production and labor are utilized are. Application of the requirements of the economic mechanism in agriculture, however, necessitates the determination and analysis of this ratio for each product, activity, and enterprise and not as a median indicator on a countrywide or countywide scale, for the various types of enterprises, and so forth. Of great importance is achieving profitability for each individual enterprise and product, because this is the only way to ensure greater efficiency in the overall economy.

The specific conditions under which business is done by the stations for the mechanization of agriculture, and especially those in the hilly areas, create difficulties in the drive to raise the profitability of these units. From this point of view also, the stations for the mechanization of agriculture [SMA] differ from the other economic enterprises due to the complex nature of the activity conducted, because they perform works on the lands of other units and intertwine profitable economic activity with support of agricultural production units for the purpose of boosting physical and overall output and economic strengthening of these units. Consequently, the need for increasing the profitability of SMA must be closely tied in with these units' chief task of performing agricultural operations on schedule and at a good qualitative level under any conditions, as they are directly responsible for the outputs obtained by the units in which they performed farm operations.

Hence, the profitability of SMA is assessed not only by the unit's own economic results, in consequence of performing farm operations, repairs and other works, but also in light of the efficiency obtained by the agricultural units that were serviced, the rates applied to works involved in mechanization, the payment for these works being made in proportion to the level of attaining the productions planned. Moreover, this means that we ought to take into consideration not only the manner in which the machine operations meet agrotechnical needs (in whose context these operations ought to be and are being performed) but also the existence (in the required amounts, at the right time and in the adequate N:P:K ratio) of chemical fertilizer and pest killers and the other direct and indirect factors involved in achieving the farm outputs.

Furthermore, another specific factor of SMA activity involves the broad diversity of conditions in which these units operate, as a result of the very diversified natural and economic scene in our agriculture. All this results in differentiated measures and results of the specific project to increase profitability for all stations. The broad diversity of the conditions in which production activity develops also is reflected in the great differentiation of expenses and incomes in each individual unit. For SMA in hilly areas these conditions involve lower incomes and larger expenses.

Even if the factors that ultimately influence the profitability of each mechanization station are incomes and expenses, the factors of balance between them are characteristic for each station and chiefly depend on: the pattern of crops, the payment rates for SMA works, the level of mechanization of operations, the soil type, the slope and the length of lots, the fertility zone, the level of development of ancillary and industrial activities and the limits for the expansions involved, and so forth. All these specific factors must be taken into consideration when assessing the efficiency of the economic activity of the stations for the mechanization of agriculture.

Because the relation between incomes and expenses in SMA units located in hilly areas is essentially affected by the policy of prices and rates fully warrantably furthered by the state, for the purpose of firmly supporting the agricultural cooperatives in those areas, the supplemental financial efforts made by these SMA ought to be covered by increasing the incomes from exceeding the volume of farm works and planned outputs or from activities which involve rates above the production costs. Covering supplemental expenses must take account of the limit of time available, the provision with technical equipment, in the context of overall completion of the tasks stated in the co-operation contracts. By making good use of the amount of time available between agricultural campaigns by expanding industrial activities in repairs centers of SMA (activities which now have a permanent and well-organized character in specialized centers, involving various repairs of farm tractors and machines or various types of products) or by expanding services provided by the sections for mechanization, the financial results of SMA located in hilly areas can be improved significantly.

But the increase in the volume of agricultural or nonagricultural works and performance of works other than those contained in technologies, or completion of projects with payment rates above the actual cost cannot be accepted

because of the very application of the economic mechanism and strict fuel savings necessitated by the energy crisis which is making itself increasingly felt. Moreover, the diversification of industrial activities through repairs centers attached to SMA will no longer develop if these centers are transferred to SMA Trust control.

Under these conditions, an important and almost exclusive source for raising SMA incomes still would involve exceeding the planned outputs because, in this case, payment rates increased up to 110% are granted. However, this significant avenue to making the SMA more profitable gives poorer results in hilly areas because of the lower fertility of lands and of the other specific conditions (pattern of crops, objectively smaller mechanization of operations, and so on).

The current payment rates for the works performed do not -- in all cases -- represent compensation and full equivalent of the expenses involved in the mechanization projects. These rates, being differentiated for the various production zones, in light of the fertility of the lands, are lower in the less fertile areas (in the hills and mountains) and higher in the far more fertile areas, the lowland. For instance, the payment rates in kind for the chief crops are differentiated for the various zones, being up to 45% lower in the less fertile zones versus the zones which provide large outputs per unit of surface. But precisely in these units where incomes are lower for the same volume of works, objectively the level of production costs is higher, as it is in inverse ratio to the rates applied. The natural conditions impact on decrease in the efficiency of the equipment, on the duration of utilization of the facilities during the year and on the level of mechanization. Implicitly, this results in higher costs for repairs and maintenance of the fleet of machines and tractors, the consumption of fuel and lubricants and remuneration for work. Hence, factors which have nothing in common with the skill, industriousness and work of the personnel in SMA rather significantly impact on the level of production expenses and incomes to the effect of increase in the first-mentioned and reduction in the last-mentioned, significantly affecting the results of the economic activity of these units.

Consequently, the stations which are located in the less fertile areas, as a rule are unable to cover their expenses from their own incomes. Anyway, it cannot be assessed that these stations in a justified way register loss, just as the positive differences between incomes and expenses in the stations located in the lowland counties cannot be regarded as fully constituting entirely deserved profits.

It is known that the profit of an economic enterprise develops as the difference between the production cost and the selling price. In other words, there must be a positive difference (with the greatest possible amount) between expenses and incomes. In this concept, the difference must fully represent the own effort of the enterprise involved to augment its incomes and cut down its expenses.



However, in the case of the stations for the mechanization of agriculture, the profits obtained also are the result -- sometimes to a great extent -- of the state's economic policy of taking over and redistributing the differential rent. Hence, it would be unfair, in assessing SMA activity, for these positive difference to be considered fully as profit, just as it would be unfair for the negative differences to be considered fully as loss. For the purpose of making more profitable the stations that register negative differences also as a result of unfavorable conditions beyond their control, a practical approach would involve giving up the differentiation of payment rates for work in SMA according to fertility zones and setting payment rates for works effected in light of the level of actual costs. But we must admit that this measure can be taken only in case it is considered that the program for the economic-organizational strengthening of agricultural production cooperatives has been completed with good results.

If, however, the time has not come for giving up the current rates, differentiated for the various production zones in light of the fertility of the lands, another approach would involve maintaining the current payment rates but increasing the settlement prices for products, differentiated for the various zones, in inverse ratio to the rates, so that, in the final analysis, the equivalent value of agricultural works in each zone will be equal to the actual production costs.

From the early implementation of the economic mechanism in agriculture there is the need for delivery prices and the rates for services to be closer connected with social production expenditures and better reflect reality and the specific conditions of production. This would spur the effort centered on quality, technical progress and profitability in each enterprise. If none of the above-mentioned approaches can be taken into consideration at this point, there is the need for increasing the input of mechanization into economic rehabilitation and greater profitability of agricultural cooperatives by expanding the mechanization of farm operations in the context of the rates remaining as they are.

However, in order for the SMA to make best use of the productive potential of agricultural production cooperatives and state agricultural enterprises under conditions of profitability, by greater mechanization and increased input into obtaining agricultural outputs, there is the need for surveying the problem of increasing profitability at their level and in the given context of activity. Each SMA must consider the matter of self-management and self-financing in light of short-term forecasting studies which should provide optimal and rapid solutions to increase the level of utilization of the lands, farming machines and available amount of time for productive purposes, so that the seasonal character of agricultural operations may less and less impact on degree of utilization of the work force and of the fleet of machines and tractors. Moreover, this must also be the direction of the industrial activity in the repairs centers and mechanical shops attached to each SMA. Over the years, this activity has greatly expanded and has increased the prospects for raising the profitability of the stations for the mechanization of agriculture, regardless of the area in which they are located, but especially of those situated in hilly areas.

Consequently, to cover the negative differences which resulted from completion of farm works by SMA in hilly areas and in other less favorable zones, we propose that the current repairs centers remain under these stations. Moreover, for the smooth operation of the new economic mechanism in agriculture, the repairs centers almost exclusively ought to be attached to stations with negative differences (loss) because this profitable industrial activity (based on an expense of 890 lei for each 1000 lei incomes for repairs and 760 lei for each 1000 lei incomes for manufactured items) would largely make up for the loss from farm operations, a loss which, as shown above, is almost fully due to objective conditions, regardless of the quality of the SMA's activity.

It is our view that there is no valid economic motivation for justifying the detachment of centers for repairs under SMA and attachment of these units to SMA trusts, especially in the context of operation of the new economic mechanism when making each SMA more profitable is a must. Because the economic results of each SMA trust are obtained by totalling the results of the component SMA units, the activity of repairs centers, whether under SMA units or SMA trusts, in the final analysis is centralized at the trust, without influencing in any way its economic results. But if the repairs centers remain attached to each SMA they directly and positively impact on the economic results of the station, being an effective factor in increasing the profitability of each station and implicitly of the trust involved. For instance, the industrial production especially expanded in SMA located in hilly areas and in zones with less fertile lands (which accounts for 34-60 percent of the income plan in SMA) would result in fuller use of the available work time which still is in excess in these zones, of the technical built areas, raising the economic efficiency of SMA activity and directly helping to make them more profitable.

11710

CSO: 2700

DIRECTOR DISCUSSES DEVELOPMENT OF TRACTOR EXPORT MARKET

Bucharest REVISTA ECONOMICA in Romanian No 36, 5 Sep 80 pp 7-8, 10

[Interview with Engr Vasile Sechel, director general of the Brasov Industrial Central of Tractors, by Ioan Georgescu]

[Text] [Question] The Industrial Central of Tractors recently marked an outstanding event in the area of exports -- the delivery of the 400,000th tractor to foreign customers. Would you please tell our readers about the significance of this figure and, on a broader scale, the importance of the export market for the activity of your central?

[Answer] Surveyed in the current context of the foreign market, the volume of our output and respectively of our exports entitle us to state that Romania today is one of the chief world makers and exporters of tractors. The tractor industry in Romania came into being more than 30 years ago and has continuously developed at rates which are far higher than those of world tractor production. Consequently, we have managed to meet our domestic economic needs and concurrently offer greater and greater exportable amounts. While in 1965 we exported three types of tractors this year we shall export more than 50 types in over 300 structural kinds. In terms of quantity the number of tractors exported annually went up by a factor of more than 20. Moreover, there is a special increase in the volume of exports under this five-year plan when the number of tractors provided for export equals the entire amount exported previously (until 1975). Exports now account for more than 70 percent of all the physical tractor output of the central.

The growth rate of export running ahead of the growth rate of the central's output primarily is based on the constant concern for quality, diversification of the range of powers and adaptability of Romanian tractors to various conditions of climate and soil in most diverse countries. Consequently, our system of tractors and farming machines now is on a par with that of major makers in industrialized countries.

[Question] What are the central's concerns in the area of research and development which resulted in the structural upgrading of the export lists?

[Answer] Tailoring tractor building to the customers' needs is a usual method for broadening the lists of exports, which permits diversification of the technical-structural approaches and of the range of products which we can offer, in light of the specific conditions of operation of machines in the partner country. The concerns pertaining to the strategy of developing tractor building also is based on the survey of the trends of development of Romanian agriculture. The Industrial Central of Tractors, in conjunction with experts of the Brasov Research and Engineering Center for Tractors, is now focusing its efforts on turning out new products, with high, competitive features, and on redesigning existing products to best meet domestic and foreign demand. In the words of Nicolae Ceausescu, we must "not declare ourselves satisfied and must even be critical of the products which hold first places in the world, and do this out of eagerness to retain these places." Consequently, our immediate efforts center on a strict, scientific valuation of the levels of performances and structural features of tractors on the foreign market, of the trends involved, and in this light we shall handle the design of the new products. We have in mind, under the next five-year plan, expanding the family of wheeled agricultural tractors for powers of 85 HP and 100 HP, whose documentation has entered the stage of technological preparation at the Brasov Tractor Enterprise. For these products the provisions involve a relatively short period for introducing the results of research in production, in consequence of the measures taken by the central to ensure the best possible cooperation of designers and manufacturing units.

Concurrently with expanding the range of agricultural tractors, by high power types, we are concerned with developing the family of industrial crawler tractors, by producing types of 62-78 HP powers and by supplementing it with types up to 300 HP. Moreover, we shall reappraise the entire family of farm tractors of the 28-64 power range for the purpose of modernizing and bringing these tractors to the level of needs pointed out in the context of the market survey conducted in conjunction with the Institute of World Economics, Universal-Tractor and the central's Research Center.

In terms of Romanian priorities in the design and production of tractors I would like to point out the achievement of the tractor with hydraulic loader (445 TIH) geared for the mechanization of various farm and construction operations, a tractor that is capable of performing a great many operations by selecting 12 specific implements. Another beneficial technical idea involved superelevating the 45 HP tractor and thereby developing the 45 HC tractors. This provided users at home and abroad with the prospect of expanding the area of utilization of Romanian tractors in fruit-growing, grape-growing, sprinkling and hoeing special crops (cotton, tobacco, sugar cane and so forth). We must add the SM-800 crawler chiefly meant for work on slopes, that has a unique design, specifically for the steering system, and the industrial crawlers (bulldozer, frontal loader) S-1801 LS and S-1801 IF, having hydromechanical transmission with coupling under load and a unique control system for the tractor steering which cannot be found on the lists of many other makers. In the area of industrial wheeled tractors we turn out an equipment family of from 80 up to 360 HP and the largest facilities that are produced in CEMA countries, respectively the A-3602 I bulldozer and the A-3602 IF frontal loader.

Concurrently with diversifying the range of facilities, steps were taken to standardize and unify these facilities. Consequently, the Industrial Central of Tractors now offers for export agricultural and industrial universal and specialized tractors with powers ranging between 30 HP and 300 HP which cover the following areas: farming, fruit and grape growing, vegetable growing, forestry, construction, transportation, and so forth. They are on a par with the latest trends on the foreign market.

[Question] Maintenance of the products' high technological standard also involves systematic information about the evolution of the foreign market. What are the major information channels?

[Answer] Universal-Tractor Foreign Trade Enterprise, whose staff has specialized training in this field, bases all its trade activity on marketing and orientation studies. Consequently, it is constantly concerned with exploring the foreign market for the purpose of updating information about the tractor foreign market, keeps in touch with a number of foreign trade organizations, with specialized institutes, and with other tractor making companies. On the basis of the data obtained it works out marketing estimates on foreign markets and takes action to find local partners. Moreover, very great emphasis is placed on surveying the world-scale evolution of tractor building, the new models that emerge, the modernization and comfort and safety upgradings applied to tractors by various companies.

In line with the basic principles of the foreign policy firmly furthered by our party and state, the Industrial Central of Tractors completed several projects of cooperation in production with internationally reputed firms such as: Fiat Trattori, Fiat Allis, Motokov-Zetor Czechoslovakia, Clark U.S.A., and so on. Furthermore, we are dealing with other firms to initiate added cooperative projects under mutually advantageous terms. In the same context of diversification of the forms of cooperation and marketing of tractors, I would like to point out assembly lines in a number of countries such as: Egypt, Iran, Canada, U.S.A., India, Ghana, the People's Republic of China, and so forth. For this year contracts for assembly on these lines involve more than 30,000 tractors in the form of CKD and SKD. Under the next five-year plan (1981-1985) we plan to set up new assembly lines so that by the end of 1985, more than 60 percent of the tractor export may develop in the form of CKD or SKD. This kind of cooperative projects ensure a permanent dialog with partners in terms of technical refinements in products, evolution of markets, and so forth.

The quality and technical performance of our tractors are certified by reputed specialized institutes such as: Cneema Antony, France; Praha-Repy Experiment Basis, Czechoslovakia; Lincoln Nebraska, U.S.A.; Kraftfahrt-Bundesamt, Federal Republic of Germany; Athens Institut for Farm Machines, Greece; Centro ~~Roma~~ Autovehicoli Milano, Italy, and others. During demonstrations and tests abroad and at international fairs in various countries the Romanian tractors distinguished themselves by their performances and won the customers' trust.



[Question] How did you manage to achieve this broad diversification of export markets?

[Answer] The export of Romanian tractors, that started in 1952, went up each year and now amounts to more than 65,000 tractors annually delivered to more than 90 countries.

In its marketing policy Universal-Tractor utilizes the systems generally applied by other exporters also, notably direct sales, sales through local agents, sales through local importers, sales through joint companies or own companies, participation in auctions, and sales under government agreements concluded between states.

In light of the continuous increase in the export of tractors, Universal-Tractor Foreign Trade Enterprise conducted a survey on upgrading and diversifying the tractor marketing network. The main provisions of the survey involve: establishing added joint companies for production and marketing; setting up additional assembly lines and increasing the number of supply centers for tractors and spare parts; establishing trade offices; arranging permanent shows with demonstrations; actively participating in auctions and bids; upgrading trade propaganda and advertisement.

[Question] What is the role of service in promoting the central's exports?

[Answer] For the tractors exported by the central through Universal-Tractor service is ensured in the following forms: a. Directly by the maker; b. Jointly (maker and importer) or by the importer. Specification of the form of service is provided under the selling-buying export contract concluded between Universal-Tractor and the importer, which states all the clauses of guarantee, technical assistance, service, and training. Regardless of the form of service agreed upon, the makers ensure, during the period of guarantee, technical assistance for the products exported. In the countries where we export larger amounts we have service groups headed by highly trained engineers or technicians and well-appointed mobile shops.

For a prompter handling of breakdowns supply centers for spare parts were established and it is expected that the network of such centers will be further expanded.

The Romanian staff, who are sent abroad for service, are highly trained, are perfectly acquainted with the products, and know at least one language of wide circulation. Training for the foreign staff is conducted by the maker both in the buyer country and in Romania, in the manufacturing plants, by their experts, or at the centers for tractor repair in this country. During this training, the trainees are taught about the product, handling and operation, maintenance, repairs, and correct use and adjustment of the facilities.

The technical documentation and booklets for acquaintance with the tractors are by no means neglected. Each tractor is delivered with technical instructions, catalog, and spare parts. We print booklets, folders, and brochures for tractors in widely-used languages and other advertising material.

11710

CSO: 2700

## BRIEFS

FIRST XEROX MACHINE--One of the latest successes of the collective of workers, engineers and designers in the "Electromures" enterprise in Tirgu Mures is the achievement of the first xerox--electrostatic copying machine--of Romanian manufacture. After tests, the new type of xerox, (MEC-1) [electrostatic copying machine - 1], conceived and realized by a collective headed by design engineers Valentin Iuhasz and Ioan Babu, in collaboration with the Research and Design Institute for the Electrotechnical Industry, has been approved and it went into series production today. The apparatus has a high productivity; the copying cycle is completely automatic. Depending on the type of operation--single, multiple or continuous copying--it can achieve a speed of up to 515 pages an hour. The "Electromagnetica" and "Industria Optica Romana" enterprises in Bucharest are making an important contribution to the manufacture of the new product. [Text] [Bucharest SCINTEIA in Romanian 15 Oct 80 p 1]

FIRST RO-RO INSTALLATION--Recently, the port of Constanta was equipped with the first "roll-on, roll-off" installation, intended for the loading and unloading of goods on and off vehicles with entrances to and exits and from ships, on wheels. This installation, which was designed by specialists from the Design Institute for Auto, Naval and Air Transport in Bucharest, is the first of its kind in the country. The installation consists of an electronically operated retractable platform, completely automated, which can be regulated in accordance with the measurements of the ship. To begin with, all types of automotive vehicles manufactured in the country can be loaded by means of the new installation. In the future, a railroad line for loading cars and locomotives will be set up on retractable platforms. [Excerpts] [Bucharest ROMANIA LIBERA in Romanian 25 Sep 80 p 5]

CSO: 2700

ALLOCATION OF FOREIGN EXCHANGE FOR 1980

Belgrade SLUZBENI LIST SFRJ in Serbo-Croatian No 55, 3 Oct 80 pp 1634-1641

[Order on Foreign Exchange Allocations To Meet the Needs of Federal Bodies and Agencies and for Exercise of the Rights and Discharge of the Duties of the Federation in 1980, issued by the Federal Executive Council in Belgrade on 25 September 1980 and signed by the council's vice chairman Branislav Ikonik]

[Excerpts] 1. The foreign exchange to meet the needs of federal bodies and agencies and for exercise of the rights and discharge of the duties of the Federation as set forth in Subparagraph 2, Point 2, of the Order Fixing the Total Amount of Foreign Exchange for the Federation in 1980 (SLUZBENI LIST SFRJ, No 43, 1980) in the equivalent of 21,723,702,000 dinars may be used for noncommodity and commodity payments of federal bodies, agencies and organizations and for the noncommodity and commodity payments of certain organs of public organizations and institutions performing tasks of interest to performance of the functions of the Federation which perform their activity over the entire territory of the Socialist Federal Republic of Yugoslavia if their own funds to perform these tasks derived from their own revenues are not sufficient, and also to meet the other needs of the Federation, as follows:

- 1) for invisibles--up to the amount of 2,675,821,552 dinars;
- 2) for visibles--up to the amount of 16,013,205,719 dinars;
- 3) for upward differences in rates of exchange on foreign currencies spent before 6 June 1980--sum total of 2,761,674,729 dinars.

The sum of 273 million dinars of the total equivalent of 21,723,702,000 dinars shall be set aside to meet unforeseen and underestimated expenditures (reserve funds).

# Allocation of Foreign Exchange for 1980

<u>No</u>	<u>Recipient</u>	<u>Expressed in Dinars</u>	
<u>1</u>	<u>2</u>	<u>3</u>	
1	State Presidency of the Socialist Federal Republic of Yugoslavia		
	Invisibles:		
	Official travel	7,123,000	
	Miscellaneous payments	<u>358,000</u>	7,481,000
	Visibles		<u>287,000</u>
	Total		7,768,000
2	SFRY Assembly		
	Invisibles:		
	Official travel	4,978,000	
	Assessments	474,000	
	Miscellaneous payments	<u>20,000</u>	5,472,000
	Visibles		<u>10,645,000</u>
	Total		10,117,000
3	Secretariat for Legislation of the SFRY Assembly		
	Invisibles:		
	Official travel		<u>14,000</u>
	Total		14,000
4	Council of the Federation		
	Invisibles:		
	Official travel		<u>77,000</u>
	Total		77,000
5	Office of the President of the Republic		
	Invisibles:		
	Miscellaneous payments		1,594,052
	Visibles		<u>95,719</u>
	Total		1,689,771

<u>1</u>	<u>2</u>	<u>3</u>
6	Administration of Brioni Islands	
	Invisibles:	
	Official travel	54,000
	Miscellaneous payments	<u>2,103,000</u>
	Visibles	<u>1,889,000</u>
	Total	4,046,000
7	Federal Executive Council	
	Invisibles:	
	Official travel	19,546,000
	Assessments	16,376,000
	Miscellaneous payments	<u>263,000</u>
	Visibles	<u>36,185,000</u>
	Total	100,553,000
	Total	136,738,000
8	Service for Defense Preparations of the Federal Executive Council	
	Visibles	<u>7,184,000</u>
	Total	7,184,000
9	Translation Service of the Federal Executive Council	
	Invisibles:	
	Official travel	718,500
	Advanced training	<u>718,500</u>
	Visibles	<u>1,437,000</u>
	Total	930,000
	Total	2,367,000
10	Constitutional Court of Yugoslavia	
	Invisibles:	
	Official travel	<u>49,000</u>
	Total	49,000



<u>1</u>	<u>2</u>	<u>3</u>
11	Federal Court	
	Invisibles:	
	Official travel	<u>63,000</u>
	Total	63,000
12	Federal Public Prosecutor's Office	
	Invisibles:	
	Official travel	<u>115,000</u>
	Total	115,000
13	Federal Public Solicitor's Office	
	Invisibles:	
	Official travel	<u>159,000</u>
	Total	159,000
14	Federal Public Defender of Self- Management Law	
	Invisibles:	
	Official travel	<u>44,500</u>
	Total	44,500
15	Federal Secretariat for Foreign Affairs	
	Invisibles:	
	Official travel	40,143,000
	Missions	1,416,828,000
	Assessments	57,073,000
	Miscellaneous payments	<u>12,496,000</u>
	Visibles	<u>1,526,540,000</u>
	Total	1,574,057,000
16	Federal Secretariat for National Defense	
	Invisibles:	
	Official travel	6,225,000
	Missions	86,900,000

<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>
	Assessments	350,000	
	Medical treatment abroad	7,140,000	
	Advanced training	38,733,000	
	Miscellaneous payments	<u>4,764,000</u>	144,112,000
	Visibles		<u>14,826,110,000</u>
	Total		14,970,222,000
17	Federal Secretariat for Internal Affairs		
	Invisibles:		
	Official travel	5,192,500	
	Assessments	2,324,000	
	Advanced training	1,382,500	
	Miscellaneous payments	<u>59,325,000</u>	68,124,000
	Visibles		<u>116,311,000</u>
	Total		184,535,000
18	Federal Secretariat for Finance		
	Invisibles:		
	Official travel	1,278,000	
	Advanced training	195,000	
	Transfer of legacies	9,843,000	
	Miscellaneous payments	<u>81,052,000</u>	92,368,000
	Total		92,368,000
19	Federal Secretariat for Foreign Trade		
	Invisibles:		
	Official travel	1,298,000	
	Assessments	11,463,000	
	Advanced training	<u>143,000</u>	12,904,000
	Total		12,904,000
20	Federal Secretariat for the Market and General Economic Affairs		
	Invisibles:		
	Official travel	275,000	
	Assessments	<u>2,452,000</u>	2,727,000
	Total		2,727,000

<u>1</u>	<u>2</u>	<u>3</u>
21	Federal Secretariat for Jurisprudence and Organization of Federal Administration	
	Invisibles:	
	Official travel	552,000
	Assessments	<u>168,000</u>
		720,000
	Total	720,000
22	Information Center of Federal Bodies and Agencies	
	Invisibles:	
	Official travel	33,000
	Visibles	<u>9,121,000</u>
	Total	9,154,000
23	Federal Secretariat for Information	
	Invisibles:	
	Official travel	2,109,000
	Miscellaneous payments	<u>1,502,000</u>
	Visibles	<u>3,611,000</u>
		1,638,000
	Total	5,249,000
24	Federal Committee for Energy and Industry	
	Invisibles:	
	Official travel	1,204,000
	Assessment	<u>158,000</u>
		1,362,000
	Total	1,362,000
25	Federal Committee for Agriculture	
	Invisibles:	
	Official travel	2,335,000
	Assessments	16,580,000
	Miscellaneous payments	<u>1,098,000</u>
		20,013,000
	Total	20,013,000

<u>1</u>	<u>2</u>	<u>3</u>
26	Federal Committee for Transportation and Communications	
	Invisibles:	
	Official travel	2,075,000
	Offices abroad	1,476,000
	Assessments	<u>6,902,000</u>
		<u>10,453,000</u>
	Total	10,453,000
27	Federal Committee for Labor, Health and Social Welfare	
	Invisibles:	
	Official travel	1,046,000
	Assessment	<u>34,747,000</u>
		<u>35,793,000</u>
	Total	35,793,000
28	Federal Bureau for Employment Security	
	Invisibles:	
	Official travel	832,000
	Offices abroad	<u>422,000</u>
		<u>1,254,000</u>
	Total	1,254,000
29	Federal Committee for Affairs of Veterans and Disabled Veterans	
	Invisibles:	
	Official travel	192,000
	Medical treatment abroad	2,080,000
	Miscellaneous payments	<u>3,973,000</u>
		<u>6,065,000</u>
	Total	6,065,000
30	Federal Customs Administration	
	Invisibles:	
	Official travel	679,000
	Assessments	<u>1,218,000</u>
		<u>1,897,000</u>
	Visibles	<u>39,287,000</u>
	Total	41,184,000

<u>1</u>	<u>2</u>	<u>3</u>
31	Federal Administration for Flight Control	
	Invisibles:	
	Official travel	426,000
	Assessments	106,000
	Advanced training	1,067,000
	Miscellaneous payments	<u>287,000</u>
	Visibles	<u>1,886,000</u>
	Total	<u>185,263,000</u>
		187,149,000
32	Federal Administration for Radio Communication	
	Invisibles:	
	Official travel	374,000
	Advanced training	56,000
	Miscellaneous payments	<u>215,000</u>
	Visibles	<u>645,000</u>
	Total	<u>9,944,000</u>
		10,589,000
33	Federal Market Inspectorate	
	Invisibles:	
	Official travel	<u>116,000</u>
	Total	116,000
34	Federal Foreign Exchange Inspectorate	
	Invisibles:	
	Official travel	<u>507,000</u>
	Total	507,000
35	Federal Aeronautics Inspectorate	
	Invisibles:	
	Official travel	538,000
	Assessments	<u>40,000</u>
	Visibles	<u>578,000</u>
	Total	<u>434,000</u>
		1,012,000



<u>1</u>	<u>2</u>	<u>3</u>
36	Federal Bureau for Social Planning	
	Invisibles:	
	Official travel	389,000
	Visibles	<u>1,354,000</u>
	Total	1,743,000
37	Federal Bureau of Prices	
	Invisibles:	
	Official travel	<u>84,000</u>
	Total	84,000
38	Federal Bureau for International Scientific, Educational and Cultural, and Technical Cooperation	
	Invisibles:	
	Official travel	5,383,000
	Assessments	25,082,000
	Miscellaneous payments	<u>80,682,000</u>
		<u>111,147,000</u>
	Total	111,147,000
39	Federal Bureau of Statistics	
	Invisibles:	
	Official travel	421,000
	Assessments	<u>15,000</u>
	Visibles	<u>8,430,000</u>
	Total	8,866,000
40	Federal Hydrometeorology Bureau	
	Invisibles:	
	Official travel	226,000
	Assessments	<u>13,254,000</u>
	Visibles	<u>11,921,000</u>
	Total	25,401,000

<u>1</u>	<u>2</u>	<u>3</u>
41	Federal Bureau for Standardization	
	Invisibles:	
	Official travel	577,000
	Assessment	<u>3,551,000</u>
	Visibles	<u>787,000</u>
	Total	4,915,000
42	Federal Patent Bureau	
	Invisibles:	
	Official travel	197,000
	Visibles	<u>998,000</u>
	Total	1,195,000
43	Federal Bureau for Weights and Measures and Precious Metals	
	Invisibles:	
	Official travel	170,000
	Assessments	<u>512,000</u>
	Visibles	<u>869,000</u>
	Total	1,551,000
44	Federal Geology Bureau	
	Invisibles:	
	Official travel	<u>186,000</u>
	Total	186,000
45	Federal Directorate for Food Reserves	
	Invisibles:	
	Official travel	<u>409,000</u>
	Total	409,000

<u>1</u>	<u>2</u>	<u>3</u>
46	Federal Directorate for Reserves of Industrial Products	
	Invisibles:	
	Official travel	<u>595,000</u>
	Total	595,000
47	Yugoslav Commission for Cooperation With the International Fund of the Organization of the United Nations for Aid to Children (UNICEF)	
	Invisibles:	
	Official travel	<u>136,000</u>
	Total	136,000
48	Center for Entertainment Services for the Public Relations of Federal Bodies and Agencies	
	Invisibles:	
	Official travel	1,158,000
	Miscellaneous payments	<u>8,856,000</u>
	Visibles	<u>10,014,000</u>
	Total	<u>65,932,000</u>
		75,946,000
49	Service for Administrative and Accounting Tasks of Federal Administrative Agencies and Federal Organizations	
	Visibles	<u>3,129,000</u>
	Total	3,129,000
50	Garage of Federal Bodies and Agencies	
	Invisibles:	
	Advanced training	52,000
	Visibles	<u>5,320,000</u>
	Total	5,372,000

<u>1</u>	<u>2</u>	<u>3</u>
51	Administration of Office Buildings of Federal Bodies and Agencies	
	Invisibles:	
	Official travel	164,000
	Visibles	<u>3,641,000</u>
	Total	3,805,000
52	Federal Fund for Credit Financing the Faster Development of the Economically Underdeveloped Republics and Autonomous Provinces	
	Invisibles:	
	Official travel	<u>265,000</u>
	Total	265,000
53	Presidium of the Central Committee of the League of Communists of Yugoslavia	
	Invisibles:	
	Official travel	1,437,000
	Miscellaneous payments	<u>2,874,000</u>
	Visibles	<u>4,311,000</u>
	Total	<u>6,638,000</u>
	Total	10,949,000
54	Administration of the Building of the LCY Central Committee and the Central Committee of the League of Communists of Serbia	
	Visibles	<u>6,402,000</u>
	Total	6,402,000
55	Federal Conference of the Socialist Alliance of Working People of Yugoslavia	
	Invisibles:	
	Official travel	3,612,000
	Miscellaneous payments	<u>5,514,000</u>
	Total	<u>9,126,000</u>
	Total	9,126,000

<u>1</u>	<u>2</u>	<u>3</u>
56	Presidium of the Conference of the Socialist Youth League of Yugoslavia	
	Invisibles:	
	Official travel	2,339,000
	Miscellaneous payments	<u>197,000</u>
		<u>2,536,000</u>
	Total	2,536,000
57	Federation of Associations of Veterans of the National Liberation War of Yugoslavia	
	Invisibles:	
	Official travel	821,000
	Assessments	<u>32,000</u>
		<u>853,000</u>
	Total	853,000
58	Council of the Federation of Yugoslav Trade Unions	
	Invisibles:	
	Official travel	3,794,000
	Assessment	438,000
	Miscellaneous payments	<u>3,314,000</u>
	Visibles	<u>7,546,000</u>
		<u>1,098,000</u>
	Total	8,644,000
59	Presidium of the Yugoslav Red Cross	
	Invisibles:	
	Official travel	1,206,000
	Assessments	649,000
	Miscellaneous payments	<u>1,341,000</u>
		<u>3,196,000</u>
	Total	3,196,000



<u>1</u>	<u>2</u>	<u>3</u>	
60	Yugoslav League for Peace, Independence and Equality of Nations		
	Invisibles:		
	Official travel	410,000	
	Assessments	<u>3,000</u>	<u>413,000</u>
	Total		413,000
61	Federation of United Nations Associations of Yugoslavia		
	Invisibles:		
	Official travel	116,000	
	Assessments	<u>36,000</u>	<u>152,000</u>
	Total		152,000
62	Federation for Physical Education of Yugoslavia		
	Invisibles:		
	Official travel	6,740,000	
	Assessments	1,443,000	
	Miscellaneous payments	<u>142,000</u>	10,325,000
	Visibles		<u>2,400,000</u>
	Total		12,725,000
63	Popular Technology--Federation of Organizations for Popular Technology of Yugoslavia		
	Invisibles:		
	Official travel	656,000	
	Assessments	<u>263,000</u>	919,000
	Visibles		<u>554,000</u>
	Total		1,473,000

<u>1</u>	<u>2</u>	<u>3</u>
64	Firefighters Federation of Yugoslavia	
	Invisibles:	
	Official travel	263,000
	Assessments	<u>22,000</u>
		<u>285,000</u>
	Total	285,000
65	Tourist Federation of Yugoslavia	
	Invisibles:	
	Offices abroad	61,558,000
	Miscellaneous payments	<u>27,073,000</u>
		<u>88,631,000</u>
	Total	88,631,000
66	Yugoslav Traffic Safety Council	
	Invisibles:	
	Official travel	117,000
	Assessments	<u>65,000</u>
		<u>182,000</u>
	Total	182,000
67	Public Organizations	
	Invisibles:	
	Official travel	4,000,000
	Assessments	4,000,000
	Miscellaneous payments	<u>1,120,000</u>
	Visibles	<u>200,000</u>
	Total	9,320,000
68	Social Accounting Service of Yugoslavia	
	Invisibles:	
	Official travel	501,000
	Assessments	201,000
	Advanced training	2,140,000
	Miscellaneous payments	<u>4,036,000</u>
	Visibles	<u>6,878,000</u>
		<u>358,508,000</u>
	Total	365,386,000

<u>1</u>	<u>2</u>	<u>3</u>
69	Yugoslav National Bank	
	Invisibles:	
	Official travel	2,468,000
	Assessments	167,000
	Advanced training	862,000
	Miscellaneous payments	<u>147,000</u>
	Visibles	<u>3,644,000</u>
		<u>102,730,000</u>
	Total	106,374,000
70	Yugoslav Economic Chamber	
	Invisibles:	
	Official travel	4,518,000
	Offices abroad	109,685,000
	Fairs and exhibitions	75,935,000
	Assessments	2,126,000
	Miscellaneous payments	<u>1,151,000</u>
	Visibles	<u>193,415,000</u>
		<u>2,011,000</u>
	Total	195,426,000
71	Cooperative Alliance of Yugoslavia	
	Invisibles:	
	Official travel	537,000
	Assessments	<u>202,000</u>
		<u>739,000</u>
	Total	739,000
72	Tanjug News Agency	
	Invisibles:	
	Official travel	3,209,000
	Foreign bureaus	57,643,000
	Assessments	678,000
	Advanced training	72,000
	Miscellaneous payments	<u>20,916,000</u>
	Visibles	<u>82,518,000</u>
		<u>9,656,000</u>
	Total	92,174,000

1	2	3
73	SFRY National Committee of the International Board of Trade	
	Invisibles:	
	Official travel	147,000
	Assessments	<u>213,000</u>
		360,000
	Total	360,000
74	Federation of Health Insurance and Health Care Communities of Yugoslavia	
	Invisibles:	
	Official travel	165,000
	Health care	<u>51,794,000</u>
		51,959,000
	Total	51,959,000
75	Federation of Old-Age and Disability Insurance Communities of Yugoslavia	
	Invisibles:	
	Official travel	201,000
	Assessments	<u>524,000</u>
		725,000
	Total	725,000
76	Yugoslav Archives	
	Invisibles:	
	Official travel	86,000
	Assessments	<u>178,000</u>
		264,000
	Visibles	<u>198,000</u>
	Total	462,000
77	Filmske novosti (Newsreels)	
	Invisibles:	
	Official travel	211,000
	Assessments	<u>20,000</u>
		231,000
	Visibles	<u>3,335,000</u>
	Total	3,566,000

<u>1</u>	<u>2</u>	<u>3</u>
78	Institution for Maintaining Maritime Shipping Lanes	
	Visibles	<u>11,282,000</u>
	Total	11,282,000
79	Institution for Maintaining Inland Waterways	
	Invisibles:	
	Official travel	135,000
	Assessments	<u>43,000</u>
		178,000
	Visibles	<u>2,283,000</u>
	Total	2,463,000
80	Yugoslav Register of Shipping	
	Visibles	<u>2,730,000</u>
	Total	2,730,000
81	Yugoslav Center for Technical and Scientific Documentation	
	Invisibles:	
	Official travel	100,000
	Assessments	53,000
	Advanced training	25,000
	Miscellaneous payments	<u>76,000</u>
		254,000
	Visibles	<u>2,692,000</u>
	Total	2,946,000
82	Yugoslav Radio and Television	
	Invisibles:	
	Official travel	2,285,000
	Assessments	24,881,000
	Miscellaneous payments	<u>21,625,000</u>
		48,791,000
	Visibles	<u>654,000</u>
	Total	49,445,000



1	2	3
83	Komunist Newspaper and Publishing Enterprise	
	Invisibles:	
	Official travel	1,014,000
	Miscellaneous payments	<u>2,055,000</u>
	Visibles	<u>3,069,000</u>
	Total	3,098,000
84	Borba Newspaper and Printing and Publishing Enterprise	
	Invisibles:	
	Official travel	3,746,000
	Foreign bureaus	8,189,000
	Miscellaneous payments	<u>4,137,000</u>
	Visibles	<u>16,072,000</u>
	Total	39,947,000
	Total	56,019,000
85	Geomagnetic Institute	
	Invisibles:	
	Official travel	110,000
	Visibles	<u>267,000</u>
	Total	<u>377,000</u>
	Grand total	18,689,027,271
Recapitulation		
	Invisibles	2,675,821,552
	Visibles	16,013,205,719

7045  
CSO: 2800

PORT OF KOPER DEVELOPMENT PLANS TO 1985

Belgrade TRANSPORT in Serbo-Croatian No 8-9, Aug-Sep 80 pp 25-26

[Article by Vladimir Kobar]

[Excerpt] Development to Date

The port of Koper, established 23 years ago, is a relatively young work organization which thanks to enthusiasm, self-denial and competent work has developed into one of Yugoslavia's leading ports, especially in the field of up-to-date types of transport, i.e., container and RO-RO (roll on--roll off) transport.

Dynamic development over these two decades has also been accompanied by serious difficulties, since development began virtually from scratch. Until a short time ago construction was carried on exclusively with bank credits, and every member of the work force bore the burden of development and construction. When the self-managed community for rail and port traffic was established during the last planning period, funds were provided to build the infrastructure (the basin, docks and yards), but not in an amount sufficient to cover equipping the port for new forms of transportation. The low rate of accumulation and the high payments for capital investments made in the past meant that the purchase of machinery and construction of the superstructure could be financed only with credit from suppliers and contractors and the pooled capital of the banks, and disproportions occurred in capacities (bottlenecks, engineering and technological lag).

These essential problems which were holding back development were corrected thanks to successful performance of the financial rescue program, so that this medium-term development plan will be altogether fulfilled in physical terms, and in the transitional period a beginning will be made on construction of key projects for the coming period, i.e., Phase II of the container terminal, the bulk cargo terminal and investments in the social standard of living and space for cargo-handling operations.

Three dates in past development have been essential and have marked turning points in operation and development:

- i. establishment of the port in 1957;
- ii. the opening of the Koper--Prešnica rail line in 1967;
- iii. the opening of Phase I of the up-to-date container and RO-RO terminal in 1979.

#### The Point of Departure for Future Development

In view of the level of development of port facilities attained and the needs arising from the basic goals in development of the Slovenian economy, the port of Koper has set itself the following goals in its future development, in conformity with the transportation policy of the Socialist Republic of Slovenia:

- i. further development of port facilities which from the standpoint of broader social benefit facilitate equal inclusion of the economy in international trade and the system of combined transport;
- ii. realization of the potential of the Slovenian transportation system and its position with respect to further attraction of flows of transit cargo;
- iii. achievement of conditions for faster development of the port's complex with an industrial and fuel and power zone;
- iv. development and supplementation of specialized directions which are a reflection of the needs of the economy in the area served by the port and for which Koper has exceptionally topographic conditions and position from the standpoint of transportation geography. These are the following:
  - a. container and RO-RO transport;
  - b. timber;
  - c. bulk and liquid cargoes;
  - d. perishable goods;

and to create conditions for still faster inclusion of the port of Koper in combined transport systems, especially container and RO-RO transport;

- v. introduction of up-to-date technological procedures and equipment in order to reduce the physical proportion of labor, improvement of operating efficiency and the quality of performance, and elimination of bottlenecks;
- vi. reduction of the seasonal component of incoming cargo and elimination of the influence of weather conditions;

vii. rapid achievement of the social standard and further improvement of working and living conditions.

Particular significance will be paid to internal and external education and completion of education to raise the organizational and technical level of operation;

viii. augmentation of traffic to 2,855,000 tons, not including petroleum, by the following annual increments:

1981	1,918,000
1982	2,271,000
1983	2,521,000
1984	2,736,000
1985	2,855,000

The largest growth of traffic will be in the field of combined transport (container and RO-RO transport), for example, container traffic in TEU [(?) technical-economic units] would be tripled.

Along with technical and technological development, at the outset of the coming planning period there will be a new organization of self-management, so that there will be five OOUR's [basic organization of associated labor] and the joint staff services: OOUR "General Cargo," OOUR "Container and RO-RO Traffic," OOUR "Bulk and Liquid Cargo," OOUR "Timber Cargo" and OOUR "Services."

#### Development Projects

Twelve projects are projected for accomplishing the goals stated above, encompassing the following:

##### 1. Phase II of the container and RO-RO terminal

with an annual capacity of 150,000 TEU for the LO-LO [(?) lift on--lift off] and RO-RO system and 150,000 tons of cargo on flats, chassis, vehicles and the ferry line. To the present Phase I will be added 400 meters of quay--12 meters for second-generation vessels up to 1,500 TEU, 5 RO-RO's and 1 ferry, a rail platform, 8.1 hectares of storage and handling yards with utility connections, 3 dockside cranes, 3 warehouse cranes on rails and 1 on tires, along with other machinery. Facilities are also envisaged for maintenance of machinery and containers, an operations building and the transition to computer recordkeeping and partial computer management of the terminal.

##### 2. Bulk cargo terminal

with an initial capacity of 500,000 tons, predominantly of raw materials for livestock feed, with a dock length of 273/-14 meters (already built),

a continuous unloading [original reads "cooling"] tower and with rail connections to existing storage sheds. It will be possible to moor vessels up to 80,000 deadweight tons, to store 40,000 tons, and to handle more than 6,000 tons of incoming cargo and 2,400 tons of outgoing cargo daily.

### 3. Space acquisition

for further development of the port is 52.5 hectares, which will be used partially for building sheds, above all for timber and lumber.

### 4. Utility connections

including comprehensive road access and water and power supply.

### 5. Covered storage

construction of 42,000 square meters of open sheds for timber and enclosed sheds for general cargo and the filling of containers is envisaged.

### 6. Technological equipment

in addition to what already exists, elimination of bottlenecks and further reduction of the physical proportion of labor (forklift trucks 12--250 kN, wheeled loaders, truck trains, tractors with trailers, towers and link conveyors for loading and unloading, radio equipment, and so on).

### 7. Service facilities

because of the increased share of equipment and especially of specialized equipment service stations are to be built with the equipment necessary at the container terminal and for repairing containers and RO-RO machinery.

### 8. Information

along with installation of the modern central unit and 25 video terminals and the respective organizational chart for the OOUR's and various services (financial and commercial) for recordkeeping, management and partial automation of the production process.

9. Accelerated development also calls for larger investments in development of personnel as an element in operating efficiency and in development of the social standard of living of the labor force.

Over the 1981-1985 period a total of 2,875,166,000 dinars (1978 prices) will be invested in the development projects enumerated above.

Financing is envisaged from capital of the economy pooled through the Self-Managed Community for Rail and Port Traffic, bank credit and pooling resources of the OOUR's, the port's own resources and credit from suppliers



of equipment. In the present situation the pooling of labor and capital on a basis of interest will have a great influence on accomplishment of the various key projects and the accompanying projects which have not been mentioned here.

Another important matter in the context of development will still be the possibility of building the gas terminal, and the basis has been laid for a power and industrial zone, which will certainly tend to speed up the port's development.

7045

CSO: 2800

END

**END OF**

**FICHE**

**DATE FILMED**

24 Nov. 1980

. D.D.